

# HOUSE OF REPRESENTATIVES—Monday, March 19, 1990

The House met at 12 noon and was called to order by the Speaker pro tempore [Mr. MONTGOMERY].

## DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

March 16, 1990.

I hereby designate the Honorable G.V. (SONNY) MONTGOMERY to act as Speaker pro tempore on Monday, March 19, 1990.

THOMAS S. FOLEY,

Speaker of the House of Representatives.

## PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Teach us, O God, not only to read about Your Word or to speak Your name, but also to acknowledge Your goodness, to receive Your gifts and to trust You with all our hearts. May Your name, O God, which we so easily invoke at times of adversity, become not only a name which we call for in moments of need, but become a reality in which we can believe and hope each day of our lives. Amen.

## THE JOURNAL

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. WALKER. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

## MOTION OFFERED BY MR. WALKER

Mr. WALKER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WALKER moves that the Journal of the last day's proceedings be read.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania [Mr. WALKER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will read the Journal.

The Clerk proceeded to read the Journal.

Mr. WALKER (during the reading). Mr. Speaker, I ask unanimous consent that the Journal be considered as read and open to amendment at any point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## AMENDMENT OFFERED BY MR. WALKER TO THE JOURNAL OF THE LAST DAY'S PROCEEDINGS

Mr. WALKER. Mr. Speaker, I offer an amendment to the Journal.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER to the Journal of the last day's proceedings: Strike Executive Communication 2748—A letter from the Chairman, Board of Governors of the Federal Reserve System, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1989, pursuant to 5 U.S.C. 552b(j).

□ 1210

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. WALKER] is recognized for 1 hour.

Mr. WALKER. Mr. Speaker, the amendment that I am offering to the Journal would strike from the Journal's proceedings of last week a letter from the Chairman of the Board of Governors of the Federal Reserve System transmitting a copy of the annual report in compliance with the Government Sunshine Act to this body. The reason for striking this particular provision is because I am somewhat concerned that this body ought not be receiving any kinds of communications with regard to Government in Sunshine.

It is now apparent that this body is unwilling to work in sunshine itself. I refer, as an example of the problem, to the situation that has now arisen on child care. As of late last week the minority leader and the other members of the minority leadership were told on the House floor that there were no plans to bring that particular bill to the House floor.

If Members go to the CONGRESSIONAL RECORD of the day on which we had the schedule announced to the House, it was said by the gentleman from Texas [Mr. FROST], who was handling the schedule on the other side, "It is not on the schedule for next week as of this point, but it is the Speaker's intention it be considered by the end of March." Then all of a sudden, the next day, what does the minority find out, that this very important piece of

legislation that has been a matter of months of negotiations is now going to be put on the Calendar without notice to the minority. In fact, it is my understanding that the minority leader did not find out until Saturday about this particular change in the schedule.

I would say to the House that this is not us operating in sunshine. This is the majority leadership going behind closed doors making their own determinations and then coming to the House floor with their own announcement.

I would also refer the House to the fact that in the same situation we were given several different schedules of the House of Representatives supposedly to inform the Members. On Thursday morning we were given a schedule. It had nothing on it with regard to the question of bringing up child care; as of Thursday afternoon, nothing on it with regard to the question of bringing up child care. Schedule No. 4 that was received late Friday afternoon, as a matter of fact because of a mistake, our minority leadership did not get a copy of this schedule until today, and we finally find something that has the schedule on it indicating the majority is now going to bring this very important piece of legislation to the House floor.

Again, I would say to the Members that is not operating in sunshine. It seems to me to raise real questions about our commitment to the idea of Government in Sunshine if we cannot bring ourselves to even give the minority party some substance, some little bit of hint that this major piece of legislation might be brought before us.

It is clear that the majority feels very, very strongly that they cannot have this bill out for much observation for a very long period of time, that they have gone behind closed doors, they have cut their deals, and now they want to rush it to the floor without judgment.

They tell us we are going to go to the Committee on Rules on the child care bill tomorrow. We have not even seen the bill. We do not even know what to ask in terms of rules provisions. There is absolutely nothing that we have at the present time that gives us any knowledge about what we ought to be asking for in the Committee on Rules.

I would say to the House that that is not the Government operating in sunshine.

Mr. DANNEMEYER. Mr. Speaker, will the gentleman yield?

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Mr. WALKER. I am happy to yield to the gentleman from California.

Mr. DANNEMEYER. Mr. Speaker, I thank my colleague, the gentleman from Pennsylvania, for bringing this to the attention of the Members.

I have been sitting here listening and learning as all of us are learning as we move along, and the gentleman describes what is going on.

I want to make sure I understand what the gentleman has said. This major bill that is now set for hearing by the House for a vote on Wednesday is not even in print?

Mr. WALKER. My understanding is that we have not seen a copy of it. I cannot imagine that it is in print, because no one has circulated copies to our side of the aisle. We do not know at the present time what the provisions of this bill may be, because no one from the minority has been consulted in the process of putting it together, and so we are supposed to go to the Committee on Rules tomorrow and respond and react to a bill that we have not had any input on, that we have not even seen at the present time.

Mr. NAGLE. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am happy to yield to the gentleman from Iowa.

Mr. NAGLE. Mr. Speaker, I just came to the floor, but it seems to me that I have sat in this Chamber now this year and heard nothing but praise from my distinguished colleagues on the minority side about how they have been treated so fairly this year.

Mr. WALKER. It just ended, I would say to the gentleman.

Mr. NAGLE. Mr. Speaker, does the gentleman from Pennsylvania wish to retract all of the nice things he has said about us?

Mr. WALKER. No. I think up until now that we thought we had been treated fairly and that we were being dealt with as partners in the legislative process. All of a sudden the partnership seems to be, and I would say to the gentleman that I control the time, and I will be happy to yield to him in a moment, but let me say to the gentleman that that partnership seems to have been unilaterally dissolved. That is what we are concerned about. That is the reason for the action on the floor. We were somewhat stunned to find out, despite the fact that we asked specifically about child care in the legislative schedule last week, and we were told that it might come up sometime before the end of March, and I will be glad to yield to the gentleman in just a moment if he will allow me to finish my statement, and we have an hour of time here, and the gentleman will have plenty of time to make his statement.

We were somewhat surprised to find out the very next day that they found

a way of slipping this onto the schedule of at least the Committee on Rules for the upcoming week. So I would say to gentleman that that was the unilateral dissolution of a partnership we thought was working, and we are sorely disappointed.

Mr. NAGLE. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am happy to yield to the gentleman from Iowa.

Mr. NAGLE. Mr. Speaker, the gentleman acknowledges that this year he does not retract all the nice things he said about how the majority has treated him. He simply contends that on this occasion it is his understanding he has not been treated fairly and, therefore, that is cause to assault the majority party's conduct in this institution for the entire year, or only for today?

Mr. WALKER. I would say to the gentleman that we think that a working partnership in legislation has to be an everyday thing. It is not something that is turned on and turned off at will. It seems as though when the majority thinks that they cannot win without resorting to unfairness, they resort to precisely that as a tactic, but when it is perfectly comfortable for them to be fair, then they decide to be fair. We are saying that is not the fairness that we are talking about, that what we want is fairness on an everyday basis. It is not the kind of thing which I think enhances the ability of this body to do its business to have the minority completely in the dark about a piece of legislation that could have momentous provisions for both the present and the future of this country.

Mr. NAGLE. If the gentleman will yield further, the gentleman would acknowledge, and I just have a little litany here that I would like to go through with the kindness of the gentleman from Pennsylvania; first of all, I would like to note that, and tell me which one of these is wrong if the gentleman would, first of all, a similar bill to the one being considered on Tuesday was reported last year, a bill on child care was considered on the floor, and debated last year. The Committee on Rules was notified on Friday, which is the proper procedure.

Mr. WALKER. Let me reclaim my time if I could. The Committee on Rules was evidently notified before the minority leader was notified, and that tells us something about the kind of process that we are using here, that the minority leader does not find out, and if the gentleman is confirming that the Committee on Rules knew about it on Friday, that is somewhat interesting to most of us, because none of us did, and it would be nice if the body would have known or if this could have been announced on Thursday.

Mr. NAGLE. If the gentleman would be gracious enough, having yielded to

me, to allow me to make an inquiry, and if the gentleman will allow me to continue so that our side can be heard. Or does the minority resent that opportunity?

Mr. WALKER. No. I have been very happy to yield to the gentleman. I have shown the gentleman a great deal more courtesy in this debate than we were shown on the question of bringing the bill to the floor, but I will be glad to yield to the gentleman.

Mr. NAGLE. I note that the floor schedule was given to the Republican whip on Saturday, because I read the Republican whip's comments about the bill Saturday in the paper. I would further inform the gentleman that no final copy of the bill exists.

Mr. WALKER. I will say to the gentleman, before he makes that kind of statement and says something which is not true, we found out about it not because we were handed a schedule but because we picked up a rumor that this might be true and began to call around. We could not believe it was true when we heard it, because we had been assured on Thursday in the meeting on the schedule that child care would not be coming up.

Mr. NAGLE. The minority whip's comments on Saturday were quite specific on a clause of the bill. I would take this opportunity to inform the gentleman, if the gentleman is interested, that no final copy of the bill exists, but it will be furnished to the minority as soon as the majority receives it.

Mr. WALKER. Let me reclaim my time. Here we are on Monday and we are going to the Committee on Rules tomorrow on this and no copy of the bill exists?

Mr. NAGLE. The same bill that was debated a year ago.

Mr. WALKER. No; no. The bill we are going to be considering on the floor Wednesday, no copy of that bill exists?

Mr. NAGLE. So, you see, we are both on equal footing.

Mr. WALKER. The gentleman may regard that as even footing from his standpoint. I would say the minority that has not been a part of the negotiating session that made the deal to write this bill probably thinks that maybe it leans a little bit in his direction.

Mr. GEKAS. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am happy to yield to the gentleman from Pennsylvania.

Mr. GEKAS. Mr. Speaker, I thank the gentleman.

This minidebate just held here points up another facet of this overall debate.

□ 1220

When we entered this session, all of us were very confident that under the



new majority leadership, that we would have a balanced approach to legislation.

Further, I recall that there was a great effort to say that in a couple of major issues, like campaign reform and child care, that there was a tacit, if not overt, agreement, that nothing would be brought to the floor except through a bipartisan approach to those particular issues.

I remember that very well, because I remember the chagrin that was expressed by the minority leader on campaign reform when that tacit agreement or overt agreement seemed to have broken down.

Now we are faced with child care, a monumental issue, which should have the fullest opportunity for bipartisan approach and bipartisan amalgamation of ideas before it reaches the full debate to which it is entitled on the floor of the Chamber.

That is why this is not just an exercise in pique on the part of the minority, this shows again that the majority will be fair when it is in its best interests to be fair, and otherwise it will tread its own ground.

Mr. NAGLE. Mr. Speaker, will the gentleman yield?

Mr. WALKER. The gentleman does not control the time; this gentleman controls the time, and I will be happy to yield to the gentleman from Iowa [Mr. NAGLE].

Mr. NAGLE. If the gentleman will then ask his colleague, since I cannot engage in a colloquy with him, it seems to me that I have been in this Chamber all year long hearing praise from the minority about how fairly they have been treated. Now an important bill comes up, and does the gentleman wish to retract all the nice things that were said about us?

Mr. WALKER. Let me reclaim my time. The gentleman seems to want to make a point that we have been willing to praise the majority for continuing a pattern of fairness to the minority over a period of some months. But I will say to the gentleman, just because we are capable of saying nice things when we are being treated fairly, doesn't mean that all of a sudden you can swoop out of the back rooms and come onto the floor and decide to be unfair. That is not the legislative process. We operate under procedures and rules here which are supposed to guarantee fairness to all. Now what we are having is a dialog about just how unfair this particular procedure has become.

Mr. DANNEMEYER. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California [Mr. DANNEMEYER].

Mr. DANNEMEYER. I thank my colleague for yielding to me this time. Through the gentleman from Pennsylvania [Mr. WALKER] I would like to ask

the gentleman from Iowa [Mr. NAGLE] a question about this bill. I am just curious if the gentleman knows.

One of the major items of difference between the Democratic majority and the Republican minority on this bill is we have been negotiating in an effort to make sure that the bill permits an exemption for religious tenets purposes.

So I will ask the gentleman from Iowa [Mr. NAGLE], does the bill that now is set for hearing on Wednesday provide for at least a vote by the House on the issue of exempting from their proscription of the bill as the last time I saw it the item of religious tenets?

Mr. WALKER. Can the gentleman from Iowa [Mr. NAGLE] inform us of that? I will be glad to yield to the gentleman from Iowa.

Mr. NAGLE. Mr. Speaker, I wish to assure all the gentlemen that that issue of religious freedom that the gentleman raises, and by implication implies that somehow Democrats are opposed to, is being worked on. It will be considered in the bill. And I am certain, as certain as I stand here, that those issues will be fully debated as to the best way to preserve that constitutional right.

Mr. WALKER. Mr. Speaker, reclaiming my time, let me say to the gentleman that the bill has been decided upon. You all have worked the bill out in the back rooms. What we are wondering is whether or not the bill that goes to the committee tomorrow is going to have a provision in it to assure that those child care facilities that provide religious instruction will continue to be eligible to receive the benefits of the program having that kind of instruction in their facilities.

Can the gentleman from Iowa [Mr. NAGLE] answer that?

Mr. NAGLE. Perhaps I can reassure the gentleman that those provisions are still being worked on and voices are still being sought from both sides of the aisle.

Mr. WALKER. I see. So we have a bill going before the Committee on Rules tomorrow that the majority has not even finished their back room negotiations on yet. Is that what I am hearing?

Mr. NAGLE. If the gentleman will allow me to continue, having yielded to me, of course it is difficult to carry on this dialog when the gentleman yields and then when I start to say something the gentleman does not like, interrupt me and reclaim his time.

Mr. WALKER. I think we ought to clarify here.

Mr. NAGLE. I rest my case on that point. I will be very happy to suggest to the gentleman that those issues will be brought before the floor for full debate. The reason is its difficult and delicate nature, which the gentleman

from California [Mr. DANNEMEYER] so properly raises, is of concern to Members of both sides. No final provisions on that have been written. That is under the House rules in part the purpose of the Committee on Rules, to prepare amendments to make sure that in fact both sides of the question are fairly conducted.

And I would point to the gentleman, if I may, and then I will allow him to continue his dialog here, that we have strenuously worked this year to allay the fears of the minority. The fact that we are doing a bill this year that was closely debated last year, and we are doing it as quickly as we possibly can, does not mean we have abandoned our principles of fair opportunity for the minority to be heard. And the fact that the calendar is quick does not mean that the opportunity will not be heard. I thank the gentleman for yielding.

Mr. WALKER. I thank the gentleman for his point. But under whose perception is that your standard? It is certainly not our perception. We are the kickers on all of this, and it is certainly not our impression that we are being treated fairly in this regard. It may be the impression of the gentleman from Iowa [Mr. NAGLE], but I would say that the gentleman may have a somewhat different view of the situation than those of us who are a part of the process.

I yield to the gentleman from Arizona [Mr. RHODES].

Mr. RHODES. I thank the gentleman from Pennsylvania [Mr. WALKER] for yielding, and I really want to direct a question to him. Judging from the remarks made by the gentleman from Iowa [Mr. NAGLE] just a moment ago about the ability of all Members fully to debate the issues that the gentleman from California [Mr. DANNEMEYER] raised, I would presume that that means that the majority will be going to the Rules Committee tomorrow to ask for a rule on a bill that does not exist that will allow full debate. In other words, an open rule for debate on this issue on Wednesday.

Is that the understanding of the gentleman?

Mr. WALKER. Well, I would think that given the information that we have just heard here, that the fairest way to assure that sunshine does prevail on this bill would be to have an open rule, give all Members the opportunity to come out and amend those sections of the bill they think should be amended, because it is apparent that not even the majority at this point understands what is in the bill, knows what the bill is going to look like when it gets to committee tomorrow.

It seems to me the only rational decision would be to allow an open rule and allow full consideration through

an open rule. I think the gentleman from Arizona [Mr. RHODES] is absolutely correct.

Mr. RHODES. If the gentleman will yield further, I would simply say that that seems to be the only way that this nonfinal piece of legislation which is still being negotiated, according to the gentleman from Iowa [Mr. NAGLE], could possibly be handled on the floor on Wednesday, in the manner which he described, with full, fair, open debate on all of its provisions. It would have to be under an open rule.

I thank the gentleman for yielding.

Mr. WALKER. I thank the gentleman very much. That is the point that I want to make. If we are committed to sunshine in this body, as the reception of reports from the various agencies seems to indicate that we are, then it seems to me that sunshine ought to prevail in the consideration of this piece of important legislation.

Mr. PETRI. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I will be happy to yield to the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. I think there is a point that is worth making too, and that is not only are we in the dark at this point and many in the majority in this body in the dark, but the American people are in the dark. We as their Representatives are going to have to be voting on something with very little ability to hear from our constituents and groups who are affected by this important legislation.

We all know that toward the end of a session it is sometimes necessary on fairly short notice to bring up a bill and to pass it because we are going home and we have to complete our work.

But we still have 8 or 9 months to go in the year. There are some delicate political issues that are going to be in this legislation. It seems to me it is in the interests of the Members of the majority, as well as of the minority, to get the advice and counsel and reaction of their constituents on an important piece of national policy.

Therefore, it would be good if it would go in the ordinary course to the Committee on Rules and to the membership the following week, rather than still not being evidently rescued and public within the majority caucus, let alone be known to Members of the minority.

Mr. WALKER. As the gentleman knows from his long experience here, often when there is a rush to judgment legislatively, it is because we do not really want the public to find out what is in the legislation. What has happened too often in those cases is when the public has found out, there has been an outrage about the things buried down in that kind of legislation.

In a piece of legislation that is as important as child care, it would seem rational that everybody would understand what it was Congress was doing before Congress set a course for the country in that direction.

I will be glad to yield further to the gentleman from Wisconsin [Mr. PETRI].

Mr. PETRI. I thank the gentleman for yielding further. Another point that should be made is that once Members vote on this legislation, it will not go to the President and become law, it will go to the Senate. They presumably will act on some legislation, and it will go to a conference committee.

It seems to me that we will actually retard the process by acting quickly and in relative ignorance with a noninformed constituency and community, rather than airing it and getting a fix on this bill at this stage, so when we do go to conference, people have some idea where the pressure points are in the legislation and what changes need to be made to actually get a good new piece of national policy in the important child care area in place in this Congress.

Otherwise it is going to degenerate into political games, and an awful lot of poor working people who are trying to provide for their own families are going to be hurt. I hope that is not the intention of any Member as this moves forward in this unusual way.

Mr. WALKER. I thank the gentleman. I think he makes an excellent point.

Mr. KYL. Will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Arizona [Mr. KYL].

Mr. KYL. I would simply like to clarify with the help of the gentleman exactly what will result from the vote which I presume we will be taking momentarily on the motion of the gentleman from Pennsylvania [Mr. WALKER].

As I understand it, we will be voting to delete a part of the record which relates to a subject that is unrelated to the matter of child care, except with respect to the fact that it deals with the subject of sunshine, which the gentleman has so ably pointed out has been sadly lacking in this particular situation.

□ 1230

So that if this body approves the gentleman's motion, we will be making a symbolic gesture? We will be, as the House of Representatives, voting expressing our will through this symbolic gesture that there should be more time, that this bill should not be proceeding as it is and, therefore, as the gentleman from Wisconsin just pointed out, enable both the Members of the body as well as the American people to have a better look at this legislation which still has not been written, or at least which we have not

seen, and, therefore, be able to better debate its merits, decide what amendments to propose to take to the Rules Committee and so forth; is that a correct understanding?

Mr. WALKER. The gentleman is absolutely correct. All we would be doing is striking Executive Communication 2748 from the RECORD or from the Journal of last Thursday.

Mr. KYL. But because of the rules around here, and not having the bill in hand to go to the Rules Committee and so on, that is about the best we can do, is make this symbolic point?

Mr. WALKER. When I read through the Journal for last Thursday, this was about the best we could do in order to get a little bit of talk about what we think is a substantive issue.

Mr. KYL. I thank the gentleman for yielding and commend him for bringing this to our attention. I would not have known about it otherwise. I think it is an important point, and regret that the procedures here have come to the point that they have.

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MONTGOMERY). The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALKER].

The amendment was agreed to.

Mr. MILLER of California. Mr. Speaker, I move that the Journal, as amended, be approved.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. MILLER].

The motion was agreed to.

The SPEAKER pro tempore. The Journal, as amended, is approved.

#### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. GEKAS] will lead Members in the Pledge of Allegiance.

Mr. GEKAS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

#### ONE BASEBALL FAN WHO NO LONGER CARES

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, in 1945 when I was only 8 years old, my dad took my 4-year-old brother Kyle and me to see a Brooklyn Dodgers-Cincinnati Reds baseball game at Crosley Field in Cincinnati. I grew up a Cincinnati Reds baseball fan and have been a long time.



There was a time in my life when I thought Stan Musial, Ted Williams, and Joe DiMaggio were more important than the President of the United States.

Even last year, at age 52, I attended 11 major league baseball games.

Here's one baseball fan who no longer cares. I'll not spend a dime this year to contribute toward the arrogant, greedy major league baseball owners and players.

It suits me if the entire 1990 baseball season is eradicated.

When I was in western Kentucky this weekend I discovered that dozens of other avid baseball fans won't attend any games this year either.

There are baseball fans who are calling on Congress to place major league baseball under Federal antitrust laws.

Major league baseball has had special considerations for decades, including being exempted by Congress from Federal antitrust laws.

March 19—and no major league baseball yet. This hasn't happened in America since 1868.

But when many of us think of 1990's owners' and players' greed—who cares?

Personally, I'm enjoying the current college basketball tournaments and look forward to football season.

#### DEUTSCHE MARK ÜBER ALLES

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, 4 months ago the Berlin Wall came down, burying communism in East Germany under the rubble. But unlike the walls of Jericho, the Berlin Wall did come down to the sound of the bugles from the outside. It came down in response to the wailings and prayers of the slaves inside.

Now the former slaves have gone to the polls in the first free elections after Hitler abolished the Weimar Republic 57 years ago, in 1933. Yesterday, a group of conservative parties, led by the Christian Democrats and actively supported by Chancellor Helmut Kohl of West Germany, scored a surprising victory. This was an impressive vote for German unity.

The tide in the world favoring free elections and free markets is unmistakable. But those with a keen power of perception also see in the East German vote a tide favoring strong currencies firmly removed from the political arena. The election-slogan "Deutsche mark über alles" signifies a message to Washington. A strong and stable economy is incompatible with a weak and unstable currency. At the same time when Hitler abolished free elections in Germany, President Roosevelt abolished the stable dollar in America. Today, the dollar is still a

plaything in the hand of speculators and lobbyists.

The challenge from Germany is not an economic or political one; it is a challenge calling for a strong and stable dollar, a dollar which will not blink when confronted with the deutsche mark.

#### SUPPORT FOR CONTINUED FUNDING OF SDI

(Mr. KYL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KYL. Mr. Speaker, this week marks the seventh anniversary of the Strategic Defense Initiative Research Program. It was on March 23, 1983, that President Reagan publicly challenged the American scientific community to save lives through strategic defenses rather than to avenge them through massive offensive nuclear retaliation.

America's scientific and contractor communities have responded brilliantly to this challenge. Last weekend I received briefings from several SDI contractors and representatives of the Lawrence Livermore Laboratory where the Brilliant Pebbles component of the SDI is being developed. Based upon my discussions with these people, and what I saw, I am convinced, as is Secretary Cheney, President Bush, Vice President QUAYLE, and others that the technology is in hand in develop and deploy strategic defenses. Obstacles to deploying defenses are political, not technological. The SDI organization and its contractors are making real progress.

I strongly urge all of my colleagues to arrange to visit SDI facilities to see firsthand the remarkable progress accomplished in this program. I think they will be convinced, as I am, that we should continue to support funding for the strategic defense initiative.

#### LEAPING FOR LIBERTY

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, they have leaped for liberty in Leipzig and they got it. They are also leaping for liberty in Lithuania, and we are not so sure about what that outcome will be, but in both cases they merit the attention of the free world, and they merit the cautious outlook on the part of the American public as to how best we can help that ever-evolving process of democracy all over the world.

The reunification of Germany has tremendous opportunities yet certain reservations about which we must be clear. The events in Lithuania call for a great endorsement of the opportunity of those people to secede from the

Soviet Union, but the dangers that are lurking are signals to us that we must be ever on the alert.

This is no time to declare an out-and-out peace dividend when we cannot gauge what the events will be from day to day. We can rejoice for the moment, but at the same time keep guard over our resources and over our mandates throughout the world.

□ 1240

#### JAPANESE CHALLENGE—AMERICAN RESPONSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DANNEMEYER] is recognized for 60 minutes.

Mr. DANNEMEYER. Mr. Speaker, a plethora of books on the Japanese economic challenge has been published during the past year or so.<sup>1</sup> Working through this material may be a bewildering experience for anyone. While the basic facts concerning the phenomenal growth of Japan's industrial and financial prowess are not in dispute, there is wide disagreement about the genesis, the significance, and future implications of these developments. One of the most vexing questions confronting American policymakers is this: do the Japanese know something we do not? It is both ironic and ominous that the same question—with the cast reversed—plagued Japanese military planners 45 years ago, until their query was answered in Hiroshima.

Most observers dismiss this anxiety as alarmist and stress that America's economy is as powerful as ever after several years of unprecedented peacetime expansion. They insist that Japanese investment here is smaller and less important than the current hysteria suggests, and they view the Japanese trade surplus as a short-term rather than a long-term phenomenon. Other observers, apparently a minority, argue that America's loss of market share, manufacturing jobs, technological and financial leadership to Japan reveals a process which is irreversible—unless the trend of falling American incomes and savings, and the trend of growing American deficits and debts, relative to those in Japan, can be decisively arrested. In one author's bleak scenario, the cold war with the Soviet Union will be succeeded by a cold war with Japan.<sup>2</sup> The new cold war will not be driven by a race for military superiority but, more subtly, by the quest for economic and technological domination.

Japan now has a higher gross national product per capita than the United States, and its wealth is not

<sup>1</sup>Footnotes at end of article.

sapped by ever-increasing interest-payments to foreigners. America's debtor status and dependence on foreign capital have put the Nation increasingly at the mercy of the Japanese. Perhaps there is, after all, something the Japanese know but we don't.

A typical response to the Japanese challenge is the "Proposals for a Renewal of American Industry" by Prof. Bruce Scott of the Harvard Business School.<sup>3</sup> It is a sober analysis of five disturbing economic developments in America, which have been obscured by a steady stream of optimistic statistical indicators on jobs, gross national product, and by buoyant stock and bond markets:

First, Japanese firms have increasingly replaced American manufacturers as internationally successful producers of quality, future-oriented merchandise.

Second, U.S. debt of all kinds is at record levels and still increasing, with no hint how this debt will ever be extinguished, short of a default.

Third, annual trade deficits—reaching \$174 billion in 1987—have ended 80 years of trade surpluses, raising serious questions about the productivity and competitiveness of American industry.

Fourth, the gap between the rich and poor in America continues to widen, contributing to the growth of an underclass lacking the knowledge, skills, and attitudes to get and hold a good job.

Fifth, in the United States, we are neglecting investments in infrastructure, research and development, as well as public education, that are necessary for continued economic growth.

The first pillar of Professor Scott's competitive global strategy designated to eliminate the trade deficit and put the United States on a path of climbing incomes and living standards relative to Japan is to devalue the dollar—again. The professor is not alone in advocating deliberate currency debasement as a valid measure to help America resume its former role of world economic leadership. The majority of American economists appear to be sympathetic to this suggestion. The most vocal among them, Professor Martin Feldstein, chairman of the Council of Economic Advisers in the first Reagan administration, continues to urge the policy of dollar devaluation in order to deal with the trade deficit. In the latest issue of the influential quarterly *Foreign Affairs*, Jeffrey E. Garten writes that an agreement with Japan and Germany to put the dollar back on the downward escalator would be the most important step in addressing the trade and financial imbalances that are growing again.<sup>14</sup>

The most amazing aspect of this suggestion is that the period during which Japan has eclipsed America as

the world's economic leader exactly coincides with the period during which the dollar has been devalued, from a high of 360 to a low of 120 yen, or by two-thirds. It is possible that professors Scott and Feldstein, and investment banker Garten are advocating a bankrupt strategy, which can only reduce the American economy to a subservient status vis-a-vis the Japanese? Can it be that Japan's secret weapon is its relatively strong currency?

There are good reasons to assume that the answer to these questions is "yes." Japan did not eclipse America economically by listening to the siren song of currency debasement. On the contrary, Japan has proved that the most effective tool a government can put into the hands of every businessman and financier—and, for that matter, into the hands of wage earners, who do most of the country's saving—is none other than a strong currency which must be held above politics, agitation, and demagoguery. No country in history has ever achieved economic greatness through systematic currency debasement. By contrast, great countries such as France, Britain, the Soviet Union, China, and the United States—not to mention a host of smaller countries—have seriously injured themselves economically whenever they tried to have recourse to the policy of deliberate currency depreciation.

What is it the Japanese know and we don't? It is the fact that you can live with a strong currency even as your trading partners are deliberately debasing theirs. It is the fact that a weak currency can never make the country's industry and financial system strong. It is the fact that you cannot seek world economic leadership while stooping to the chicanery of currency manipulation to the detriment of savers at home and creditors abroad. America's economic injuries sustained in the arena of industry, productivity, competitiveness, saving, finance, and trade are entirely self-inflicted. They have been inflicted on the American people by the government, in espousing the gospel of currency debasement and perpetual debts. The Japanese people are more productive because they are not so afflicted, or they are afflicted to a lesser degree.

Most Americans are unable to bring themselves to see the problem in these terms. How much more humiliation do we have to suffer before they, too, will come to see the light? The world's ten largest banks used to be American, not so very long ago. Aided by huge trade surpluses, high savings rate, and low cost of capital, Japanese banks have by now replaced every one of them. Yet American observers choose to remain blind. Prof. Jeremy Siegel of the University of Pennsylvania's

Wharton School is quoted in the *Wall Street Journal* as saying: "Competition in banking is unlike [that in] automobiles; quality doesn't enter into it: money is money."

Of course, the Germans and the Japanese know better. Between money and money, there could be the difference of heaven and hell. Money does have quality—independent of quantity, or the rate of growth thereof. The source of this quality is found in the government's determination to remove and keep the issue of the value of money from the political arena, so as to prevent it from becoming a plaything in the hands of demagogues and speculators. All the evidence shows that the American government is deficient on that score. It does not help matters to try and make a virtue of this deficiency. At the same time the Japanese government, without much fanfare, is holding on to the principle of sound currency, namely, that money and politics do not mix.

Not only is there such a thing as the quality of money, but it is clearly measurable. It is measured by the rate of interest. The relationship—as that between quality and ordinals—is inverse. The lower the rate of interest, the higher quality of money—and a higher savings rate—is indicated. This observation goes right to the heart of the matter. Savers are fully alive to the deterioration in the quality of money. They react by saving less using assets denominated in the depreciating currency. This raises the relative cost of capital in the country whose government has higher tolerance for currency depreciation. The greater cost of capital shows up as a deficit in the country's trade accounts. When the nostrum of currency debasement is promoted as a cure for those deficits, a vicious spiral is set into motion. Yet currency debasement could only aggravate the trade deficit, since it is the primary cause of the condition.

The only way to cure our perennial trade deficit is to bring down the marginal cost of capital in America to or below the level prevailing in Japan. This shall of course happen, whether or not the U.S. Government adopts the appropriate policy. But in the absence of a policy to stabilize the dollar, the cost of capital in this country will be brought down by the Japanese making further inroads upon American finance. Japanese superbanks, which control the world's largest and cheapest supply of capital, will take over from home-grown suppliers of funds the role of financing American technology, research and development. This is not the place to analyze the national security implications of this development. But the effect on the American banking industry would be devastating.



The balance sheet of the American banks is already top-heavy with hidden losses and dubious assets, such as nonperforming loans, mortgages, and third-world debt—which compare very unfavorably with the strong assets of the Japanese banks. If the American banks were forced to move further down on the credit-quality ladder, and the Japanese banks were allowed to retain their capital advantage and pricing power to dominate the lending market for high-quality American corporations, then it takes no great perception to discern the outcome. Not only is the Japanese banking system poised to dominate world finance, but the American banking system is being set up as the fall guy in case of an international monetary panic.

Most American economists hold that inflation is malignant only insofar as it vitiates the predictability in the value of the monetary unit. In their view, if we grant predictability, inflation becomes benign, even beneficial. As the real rate of interest is increased by the known rate of inflation, no further losses can accrue to creditors or debtors, and all economic distortions are ironed out.

This naive view begs the question. The stabilization of the rate of monetary depreciation under the regime of irredeemable currency is, for all we know, an insoluble problem. You can inflate the stock of money at a constant rate, but there is no way to predict how soon or how severely the market will react to it. There is no necessary relationship between the growth rate of currency in circulation and the value of the monetary unit. You may indeed regulate the former, but it is a serious mistake to assume that this amounts to regulating the latter.

Be that as it may, the problem remains even if we admit that the rate of inflation can be stabilized. Prof. Ronald I. McKinnon of Stanford University is one of the few economists recognizing the damage caused by a decline in the value of the monetary unit.<sup>5</sup> He argues that even a predictable erosion in that value causes a shrinkage of the time horizon of business, with serious further economic consequences concerning savings, investments, and competitiveness.

The suggestion that a currency with a predictable value is as good, or is better than, a currency with a stable value, ignores the problem of capital accumulation, and the related problem of capital maintenance. Capital is highly perishable in that it wears out in use or with the passing of time. In this fundamental fact of life lies the greatest challenge to business and government. Adequate provision for capital maintenance in the form of depreciation quotas must be made, even before provision for the payment of

taxes, wages, and dividends. Subsequent corruption of these quotas through currency debasement means capital destruction, leading to impaired productivity and, eventually, to the demise of enterprise. An upward adjustment of the rate of interest not only fails to compensate for this corruption: It makes the problem more acute. Capital is siphoned off from existing projects in favor of new schemes.

If the practice of neglecting capital maintenance in a country is widespread, as it is under an eroding currency unit, then it will lead to the withering of entrepreneurship, to economic stagnation and decline. Here is how the process works. As the erosion in the value of the monetary unit is compensated for by an increase in the nominal rate of interest over the real rate, the time horizon of business and government will shrink. The greater is the erosion, the greater will be the shrinkage. As long as the nominal rate of interest exceeds the real rate, some profitable investments with extended amortization schedules will not be made, even if the rate of currency depreciation is perfectly predictable. Investments made prior to the rise of nominal interest rates will be wasted, for lack of adequate capital maintenance.

A large part of what we see in America today, by way of a deteriorating infrastructure, is an example of this phenomenon. The decay of our inner cities, railways, highways, bridges, airports, et cetera, simply mirrors the decay of the currency. The infrastructure is not adequately maintained because, after its construction, the time horizon has shrunk, leaving amortization out in the cold. Profits and taxes are spent on other projects with shorter amortization schedules.

It is important to note that this phenomenon has nothing to do with changing profitability. Even profitable investments will be abandoned if the payment-stream for their capital maintenance can be redirected to short-term projects of the same degree of profitability. The culprit for capital decumulation is not shifting profitability: It is the erosion in the value of the monetary unit.

The effect of higher nominal interest rates on the time horizon is familiar to everyone who has ever tried to pay down a mortgage on his house. The monthly blended payments of interest and amortization are almost all interest, and only negligible amortization, early in the life of the mortgage. By contrast, they are almost all amortization, and negligible interest, at the end. Thus, rising nominal interest rates simply push amortization farther off into the future. Every rise will force the marginal homeowner to walk away from his mortgaged home, abandoning his equity. By the same token,

high nominal interest rates render some means of production—plus much research and development—submarginal, even before its useful life is over. Investors are conscious of capital preservation, and they will always choose projects with the shortest amortization—other things being equal.

It is futile to blame business for the obvious decline in American productivity, competitiveness, and entrepreneurship relative to the Japanese. The American businessman is not less patient than his Japanese colleague because of a congenital condition in his brain. He is less patient because his time horizon has been artificially shortened, thanks to the ill-advised decision to debase the dollar relative to the Japanese yen. In consequence, American businessmen will be more interested in hamburger-flipping franchises, and will leave research and development, and the deployment of industrial robots, to the Japanese.

The way to restore the time horizon of American business is not through administrative measures. It is through the elimination of the inflation premium from the interest-rate structure. This can only be done through the stabilization of the dollar. Failure to do so will reduce America to the status of a second-rate industrial power.

This is not the first time that the problem of stabilizing the dollar presses itself upon the country. The longest period of economic contraction in our history—65 months, from October 1873 to March 1879—was recorded when we were suffering from another bout of high interest rates, causing stagnation in productivity, competitiveness, and entrepreneurship. Then, as now, it took great political courage to advocate currency stabilization. The credit must go to Secretary of the Treasury John Sherman, a man of great vision and highest integrity, who defeated the demagogic and parochial agitation in favor of the regime of a weak and depreciating dollar in Congress.

When in 1879, after more than 5 years of depression, a return to the regime of a stable dollar brought down interest rates dramatically, an incredible wave of economic optimism swept through the Nation. The next 4 years were characterized by an unusually rapid rise in production, and in the stock of money. The former rose by nearly 25 percent and, the latter, by over 50 percent. Growth of personal income averaged 8.4 percent a year from 1878 through 1882. The Consumer Price Index did not rise at all, in spite of the growth in the stock of money at a rate that topped 20 percent in the first 2 years, and averaged 12.6 percent over the whole period. The fiscal results were equally satisfactory. Federal tax receipts rose by 47 percent from 1879 to 1882, with no in-

crease in tax rates of tariffs. The budget surplus rose from \$7 to \$146 million—over half of the total budget. After rising by 8.4 percent a year from 1878 to 1882, real growth slowed to a still respectable 5.3 percent a year from 1882 to 1892.

Those were years of unparalleled prosperity and business expansion, laying the foundation for America's economic greatness. The lessons of this episode in our economic history are directly relevant to our present plight. Once again, the regime of high interest rates causes capital decumulation and stifles entrepreneurial initiative. So far our economists and policymakers have ignored these lessons.

In 1879 the stabilization of the dollar was preceded by legislation mandating a return to the gold standard, after an 18-year interregnum. Throughout the Civil War and during the Reconstruction, the Union government was able to borrow at a relatively low rate of interest, because the gold clause in government bonds was honored. The greenbacks of the Civil War, unlike those of the more recent vintage, were not unconditional legal tender: the government could not use them to pay principal and interest on the national debt; importers could not use them to pay tariffs. They had to have gold dollars for these purposes.

Nevertheless, debt between private contracting parties was subject to interest payments at a much higher rate, reflecting the uncertain value of the paper currency unit. It was this regime of high and volatile interest rates which figured so prominently among the causes of the depression 1873-79. It was this obstacle in the way of prosperity which the 1879 monetary reform was designed to remove. In spite of initial resistance on the part of its numerous detractors, the reform succeeded beyond the highest expectations.

American short-term interest rates, although very volatile during the 1980's, averaged about 7 percentage points higher than their Japanese counterparts. What is more, this comparison understates the advantage of Japanese producers. A great many American producers now borrow by floating "junk bonds" that bear interest at a rate some 4 percentage points higher than prime corporate issues.

The causes of this disadvantage are manifold. One is our policy of taxing capital, under the disguise of taxing capital gains. Japan does not tax capital—or capital gains. Taxing capital drives out equity and replaces it by debt, putting an upward pressure on the interest rate structure.

Another cause is the lower savings rate in America. It could be argued that our savings rate would match that of the Japanese if we included the growing surpluses of the Social Security trust fund, which have no coun-

terpart in the Japanese economy. Theoretically, the healthy condition of this trust fund should keep interest rates low in this country. But it does not, because these savings are promptly dissipated in the form of Government spending.

The mischief lies not in the fact that the Government spends the surplus of the Social Security trust fund, but in the misrepresentation of an unfunded liability as an income-earning asset. Far from building income-producing assets which can be drawn upon later to pay benefits, the Government magnifies its future liabilities by paying interest to itself on its own IOU's. Since these obligations will have to be covered by future borrowings, the Social Security trust fund has an upward, rather than a downward pressure on the interest rate structure.

Moreover, the excess Social Security tax has worsened our competitive position vis-a-vis Japan, by raising the price of American labor above what is required to pay Social Security benefits. As Paul Craig Roberts, an economist at the Center for Strategic and International Studies has pointed out, every dollar by which payroll revenues exceed benefits in effect prices out American labor out of the world markets—for no good purpose.

But the main cause of the American disadvantage in the face of Japanese competition is currency debasement. The Japanese Government can borrow at a lower rate of interest than the Government of the United States because, in the judgment of the markets, the yen will erode at a slower rate than the dollar. If the U.S. Government wanted to borrow at the lowest available rate of interest, then it should make its debt gold-bonded. As the historical evidence of the Civil War and the Reconstruction indicates, this is possible even if the Government remains uncommitted to a gold standard. The country can benefit from the lowest interest rates which only gold bonds can bring, whether or not Congress has the votes to enact a gold standard bill. Herewith a very important policy alternative presents itself, bypassing formidable political obstacles such as finding politicians willing to fight an election on the issue of the gold standard.

Whatever arguments can be made against the gold standard as it was implemented in the past, none of them is relevant in the context of the gold-bond plan. Ideology is replaced by pragmatism. The only consideration is what measures are necessary in order to enable the U.S. Treasury to borrow at the lowest rate of interest available in the world. Federal Reserve Governor Wayne Angell has estimated that governments could sell gold obligations at an interest rate as low as 2 percent per annum.

The attractiveness of the gold-bond plan lies in the fact that it kills two birds with one stone. The two birds are: interest-rate volatility and exchange-rate volatility. Not only do gold bonds make the lowest available interest rates once more accessible to productive enterprise in this country, but they create an efficient mechanism for the stabilization of the dollar.

The problem of stabilizing the gold value of a currency is misrepresented by most authors. In their view, the Treasury's commitment to buy and sell unlimited amounts of gold against currency at a fixed price is not credible and cannot be made credible. The difficulty in that the demand for gold may well outstrip the Treasury's supply, in which case the stabilization effort collapses.

However, the difficulty can be removed through open market operations in the gold bond market. Gold bonds are a substitute for gold and can be used to satisfy most of the investment demand for gold. The redemption provision is no way a threat to the country's gold reserves, which may in fact be minuscule, as long as the Treasury maintains its credit in good standing. The question is not how much gold the Treasury can pay out, but how much it can attract. We may want to reflect on the proposition that the collapse of the Bretton Woods system in 1968-71 was not due to the insufficiency of the Treasury's gold supply, but to the absence of a gold-bond market. It was also due to the adulteration of the gold standard into the gold-exchange standard, allowing the country issuing the reserve currency to postpone the day of reckoning.

Let us see how the Treasury can use open market operations in the stabilization process. Suppose the Treasury wants to stabilize the gold value of the dollar at \$350 per ounce. To that end, the Treasury posts a bid price of \$340 and an asked price of \$360. Should the asked price come under attack by bull operators, the Treasury would step up its sale of gold bonds and use the proceeds—the borrowed gold—to satisfy speculative demand. The effect is that the speculators are subsidizing the retirement of the short-term debt to the tune of \$10 an ounce, or 3 percent of the cash-value of the operation. Should the bid price come under attack by bear operators, the Treasury would buy all the gold offered at \$340, and use it to retire outstanding gold bonds at a profit. The effect is that the speculators are subsidizing the retirement of the long-term debt to the tune of \$10 an ounce, or about 3 percent of the cash-value of the operation. Speculators would quickly understand that they could no longer make money by inducing and riding price trends. They could only make money by keeping the gold price be-



tween the gold points. Gold speculation would wither away.

But bond speculation would also wither away. After all, bond speculation is but amplified currency speculation. Nothing could stabilize the value of dollar-denominated assets more convincingly than the stability of the dollar itself. Interest rates would be not just lower, the lowest available anywhere in the world, but they would also be much less volatile. To be sure, interest rates could not be stabilized in the same sense as the gold value of the dollar—by narrowing the spread between the Treasury's ask and bid prices to the spread between the gold points. Still, we may talk about the stabilization of interest rates as their present excessive volatility would be a thing of the past.

The stabilization of the dollar and the related stabilization of the interest-rate structure would be accomplished at no cost to the taxpayers, and at no risk to such laudable economic objectives as balanced budgets and full employment. There is no need to increase taxes, no need to cut social services in the interest of the stabilization program. If anything, tax cuts might soon be possible as a result of the huge reduction in the cost of debt service. And we would be talking about debt-reduction, not just deficit-reduction.

The gold-bond plan does not imply automatic adherence to a gold standard. There is need to conjure up the deflation bogies of the 1821, 1879, and 1925 stabilizations. In those episodes, the objective was a return to the status-quo ante. The gold content of the currency was to be stabilized at the prewar level.

There is no such constraint in the gold-bond plan. The gold content of the dollar is to be stabilized at a new equilibrium level, whatever it may be. The Treasury has a new parameter at its disposal, not available in the earlier episodes. It can select the gold value of the dollar which it feels comfortable in defending. It is this extra degree of freedom which makes stabilization so much simpler technically than stabilization in the previous episodes. It is this extra degree of freedom which makes the simultaneous achievement of two independent goals, lower interest rates and a stable dollar, feasible.

After everybody has had an opportunity to convince himself of its benefits, and after the ideological opposition to it has faded away, a *de jure* gold standard may ultimately supplant the *de facto* gold standard of the dollar-stabilization program. However, this would be a future political decision to make, and it need not detain us here. We already have a consensus in this country favoring lower interest rates, higher productivity and greater international competitiveness of industry, and the expansion of the time horizon

of business. All these objectives can be simultaneously accomplished through the fiscal and monetary reform implicit in the gold-bond plan.

This agenda is eminently realistic. Putting it into effect does not call for any sacrifices whether in the form of a tax-increase, or cuts in social services, or forced debt-liquidation. It is not a something-for-nothing scheme. Its multifarious benefits come from tapping a tangible world resource—a resource deliberately, albeit mistakenly, left idle for the past two decades—the world's stock of monetary gold. In bringing gold back into the world economy we materially add to the pool of loanable funds. In assigning gold a meaningful role—one for which it is so superbly qualified: the lowering of interest rates—we are releasing new energies that can be harnessed for economic development at home and abroad.

The temptation to pursue wrong-headed economic and foreign policies to contain Japan is real. As the observer noting the threat of a new cold war has put it, America's Japan-problem is not caused by the trade deficit, nor by an aggressive invasion of foreign capital [2]. It is nurtured by a loss of self-confidence, and the failures of American leadership. The result is a national feeling of insecurity that is being translated into a hostile rhetoric and, too often, absurd policies.

If allowed to continue, our Japan-complex could become dangerously destabilizing, and it could permanently distort America's economic and foreign policy. Nothing could threaten global peace and prosperity more than a showdown between America and Japan. America, still the world's number one military superpower, is trying to contain the ascendance to economic superpower status of a militarily weak Japan. Therein lie the seeds of a fratricidal rivalry between two nations which have, for the better part of half a century, learned to respect each other. It would be a great tragedy if we failed to steer away from the incipient conflict. Rather than coveting our neighbor's wealth, we should provide monetary leadership to Japan and the rest of the world. We should regain control over our own economic destiny by lowering the cost of capital at home. This aim can be achieved in short order if we embark upon a course of monetary and fiscal reform, and return to gold-bond financing.

There is little doubt that Japan and other leading industrial countries will follow the example set by the United States in issuing gold bonds. They will want to share in the benefits of lower marginal cost of capital, in order to allow their producers to remain competitive. This should not bother us: the United States stands to gain most, as interest rates here have more room

downwards to go. The American banking industry, which has languished long under the regime of high and volatile interest rates, would get a much-needed shot in the arm. The gold-bond plan would allow America to consolidate its global leading position that otherwise it is in danger of losing to Japan. Our international payments system, presently threatened by forced debt-liquidation, protectionism, and beggar-thy-neighbor policies, would be saved.

Alternative plans call for pegging the dollar to the Japanese yen. But this would mean that the United States abdicated its monetary leadership in the world, and would be widely interpreted as an admission of failure. We would be in a weak bargaining position at international negotiations for a long time to come. There is no reason to believe that the Japanese yen or the German mark would perform better than the dollar, or that a triumvirate of the three currencies would perform better than either of its components. If there is a lesson to learn from the dismal performance of the dollar, then it is this: no irredeemable currency can stand up to the wear and tear pertaining to the role of a reserve currency.

The international monetary system of floating is a front for the policy of competitive currency devaluations. In the 1930's currency devaluations were inflicted on the people openly, through the rigmarole of changing the statutory definition of the currency unit through legislation. Today, the same black art is practiced under the cloak of floating. Yet the camouflage does not make devaluations less damaging or less painful. The people still suffer the loss of wealth caused by it, even if they don't know what has hit them. Pegging the dollar to the yen would not eliminate the pain, nor would it change the devaluationist character of the international monetary system based, as it is, on irredeemable promises.

Devaluationism is denounced in a thoughtful paper by Jude Wanniski as "the most pernicious idea loose in the world today."<sup>6</sup> It destroyed the international equilibrium of the Bretton Woods monetary system; it wrecked the Nixon and Carter administrations; it demolished the Mexican economy and most others in Latin America, corrupting governments and their civil service. In our own country, it created the savings and loan crisis and the drug culture, and it continues to feed national insecurity and xenophobia. Devaluationism is lethal because of the destructive effects it has on fundamental human values, in undermining the link between effort and reward.

It is not enough to realize that a weak currency cannot make the country's industry and financial system

strong. We must also reaffirm our commitment to the integrity of promises men live by. If America can still be saved from the disaster of further deindustrialization, and from the ignominy of having to play second fiddle to Japan, then it won't be through the policy of deliberate dollar debasement, nor through pegging the dollar to the yen. It can only be through economic renewal at home, motivated by the conviction that America must lead the world in a new age which requires more stability, not less. It can only be through the rediscovery of America's moral fiber. It must be through a pledge to maintain the sanctity of contracts and good faith in promises to pay—as epitomized by the gold bond.

## FOOTNOTES

<sup>1</sup> *The Enigma of Japanese Power: People and Politics in a Stateless Nation* by Karel von Wolferen (Knopf);

<sup>2</sup> *More Like Us: Making America Great Again* by James Fallows (Houghton-Mifflin);

<sup>3</sup> *Yen! Japan's New Financial Empire and Its Threat to America* by Daniel Burstein (Simon and Schuster);

<sup>4</sup> *Japanese Investment in the United States: Should We Be Concerned?* edited by Kozo Yamamura (Society of Japanese Studies);

<sup>5</sup> *Capitalism in Conflict* by Shafiqul Islam (Foreign Affairs, Vol. 69, No. 1, 1990);

<sup>6</sup> *Proposals for a Renewal of American Industry* by Bruce Scott (Leshar Communications);

<sup>7</sup> *Japan and Germany: American Concerns* by Jeffrey E. Garten (Foreign Affairs, Vol. 68, No. 5, Winter 1989/90);

<sup>8</sup> *Monetary and Exchange Rate Policies for International Financial Stability: A Proposal* by Ronald I. McKinnon (Journal of Economic Perspectives, Vol. 2, No. 1, Winter 1988);

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# FORCING LEGISLATION THROUGH THE HOUSE BEFORE MEMBERS OR COUNTRY HAVE A CHANCE TO LOOK AT IT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I want to speak today on forcing legislation through the House before the Members or the country have a chance to look at it.

On last Thursday, when the gentleman from Illinois [Mr. MICHEL], the Republican leader, took the schedule for this week, we asked the question that we would like to know about whether or not a very, very important child care bill was going to be scheduled this week. Mr. MICHEL asked the question, and the Democratic spokesman said:

It is not on the schedule for next week as of this point, but it is the Speaker's intention that it be considered by the end of March.

I then asked for permission to speak, and I said the following:

I just want to say for the record that child care is an extremely important issue, that

there are a number of people across this country who have a very, very real interest in this, and that nothing could be more disastrous to sound legislation than to try to produce a child-care bill magically on a Tuesday and vote on it on a Thursday.

It would seem to me that the Democratic leadership owes it to the country to produce their version of child care on a Wednesday or Thursday and allow a weekend to intervene before rushing to a vote. It would be literally impossible for Members and for interested constituencies around the country to analyze a child-care bill which did not come out of committee and did not have a normal amount of time to be looked at, and that I would very strongly urge the Democratic leadership to initially bring the child-care bill out, their proposal, with adequate time for it to be analyzed.

I said on Thursday. On Friday afternoon around 5:15, I learned that there was a rumor that a child care bill would be brought to the floor of the House this week. On Saturday morning I checked with the Republican leader, the gentleman from Illinois [Mr. MICHEL], and as of that point, Saturday morning, he had not heard that there would be a child care bill brought to the House this week.

My understanding is that the Democrats have not finished writing the liberal version of the child care bill, that they have not finished finding the exact wording of their version, that it is in fact still being negotiated by Democratic staffs, and that no one has seen the final product. This is on Monday afternoon.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I just want to confirm what the gentleman just said.

When we had a dialog on the floor a little while ago, the spokesman for the Democratic Party, the gentleman from Iowa [Mr. NAGLE], said quite clearly that the bill is still in the process of being written, that they do not have a final product, that this is all a matter of negotiation. Of course, there are no members of the minority as part of those negotiations. It is all being done in the back rooms by the Democrats. But they do not have a final bill, so here we are on Monday afternoon, and they are going to the Committee on Rules tomorrow, and no one has seen the bill evidently on their side either because there is no bill at this point.

Mr. GINGRICH. Let me just say that I am very concerned, because as the gentleman will remember, the Democratic majority leader made a promise last year when the child care bill was initially considered on the House floor, and the promise was that the Democratic leadership would solve the problem of religious freedom and would ensure that religious freedom could exist in child care.

As I understand it, the message we have received indicates that based on the best advice of legislative scholars around the country who specialize in religious freedom, the liberal Democratic version of the child care bill will, in fact, not have true religious freedom. It may have some propaganda. It may have some code words. It may have an effort to paper over. But it will not have a legally binding description that would allow a parent, for example, to take Federal aid for child care and have the parent choose to allow their child to go to church or synagogue-based child care in which, for example, they might say a prayer before cookies.

As I understand it, the liberal version of the bill, and this was certainly true last year, the liberal version of this bill did not permit children to say a prayer before cookies or before lunch in the Child Care Program associated with that bill.

I think there is a real question of religious freedom, but what really concerns me is the fact that, as I understand it, the Democratic leadership, for some reason, intends to bring this bill onto the floor on a Tuesday and push it through the House before the country has a chance to read it.

This is, as I understand it, a \$24 billion brandnew program, over 3 times, almost 3½ times, the size of the President's proposal, a program being brought out by a party whose leadership recently has suggested a 25-cent gas tax increase, a 5-percent nationals sales tax, an increase in the top rate to 33 percent, a range of other tax increases, and so I do not know whether this is part of a tax-increase program where they intend to just drive up spending, or whether they are so concerned that they are not going to be able to find the votes for a bill which clearly prohibits religious freedom that they think they have to get the bill through before the people in the country have looked at it.

It seems to me that it is the worst possible kind of legislation to bring a major bill which, as the gentleman said, and again while we are talking, if any of our Democratic colleagues have a copy of the bill or if the Democratic leadership staff has a copy of the bill, we would be delighted to have them bring it over, to have them show it to us, to have them distribute it, but my understanding is that as of 1:30 on Monday the bill does not yet exist.

They are going to apparently work all night and try to patch together a liberal version of child care which will violate President Bush's commitments, which will not, in fact, be adequate for mothers who stay at home, which will not, in fact, allow parents to have the choices we believe they should have in terms of who takes care of their children, and which will simply create an



antireligious bias in favor of a unionized bureaucracy with Federal control.

Does the gentleman have any more information on this?

Mr. WALKER. If the gentleman will yield further, I think he makes a good point.

There are just two things, I think, we need to recall as part of this. The promise with regard to making certain the religious question was taken care of was a promise made in writing, and yet it appears that they have been unable up until this time to get any resolution of that issue, and what we were told on the floor today was that the reason why we need not be concerned about the fact that we have not seen the bill yet is it simply is an amalgamation of the bills that were passed last year, that what they have done is taken the legislation passed last year and worked on a few details on it, but if we want to know what is in the legislation, we can simply look to last year's bills.

The problem with that is last year's bills went in several different directions at one time. They did not give adequate protection for religious institutions to provide child care, and that does create major difficulties.

I think the gentleman's other point with regard to the nonexistent legislation is also important. We do not even have a bill that we can focus on to figure out what it is we need in terms of a rule.

There was discussion on the floor earlier while the gentleman was still in the process of coming to the House about having an open rule. Obviously that would solve this problem if the Democrats were willing to bring a bill to the floor with an absolutely open rule so that we could take the language in the bill and modify it as a result of the work of the Committee of the Whole, and that would certainly be an acceptable way of dealing with the matter.

However, it does appear that there is no intention to bring this bill to the floor under an open rule, but, rather, they intend to have a fairly restrictive rule with regard to this piece of legislation, and we have not even had a chance yet to see the bill so that we know what to ask for in terms of amendments.

□ 1330

It is one thing to say you are going to have a restrictive rule and only certain amendments will be allowed. It is another thing to say that when nobody has had a chance to look at the bill so you really have no idea what the amendments are that you should offer. Yet that is the situation that we are going to find ourselves in when the Committee on Rules meets tomorrow, is that the rules will have been unavailable, and it will be very difficult for Members to figure out

what it is they should ask for in terms of amendments so that the House can work on this legislation in a meaningful way.

Mr. Speaker, I thank the gentleman for yielding.

Mr. GINGRICH. Let me say I guess the only place I would be concerned is even if they were to bring the bill to the floor on Wednesday with an open rule, it would be impossible for the average Member to have read a complicated bill, to understand the various new Government programs, to have had a lawyer analyze it. I am a historian, I am not an attorney. I think the gentleman from Pennsylvania [Mr. WALKER] has been a teacher. The gentleman is not an attorney.

Even if one were an attorney, unless one is a specialist in the current Federal case law as it relates to religious freedom, one would not necessarily understand whether or not certain language will work in court.

So there is a very real danger that we are going to see the Democratic leadership bring a bill to the floor with such a short timeframe that they are asking Members to run the risk of going back home, having voted literally to block children, 3-, 4-, and 5-year-old children, from the right to have a prayer said before eating a cookie or eating lunch, literally adopting an antireligious, antiprayer provision which will not be understood by the House.

I do not understand the urgency. All that is going to happen with this bill is it is going to go to conference. Clearly they could report the bill out, they could allow all the Members to see the bill. They could then next Tuesday go to the Committee on Rules. They could bring the bill to the floor in an orderly manner, having allowed experts across the country to read the bill.

I am sort of fascinated. I have been reading Hernando de Soto's "The Other Path: The Invisible Revolution in the Third World."

Hernando de Soto is a Peruvian economist. The introduction is by Mario Vargas Llosa, who is both the Poet Laureate of Peru, but also is the front runner for President.

He talks in here in the foreword by Mario Vargas Llosa on pages 16 and 17 about why Peru has had a problem.

He says:

The state, in our world, has never been the expression of the people. The state is whatever government happens to be in power—liberal or conservative, democratic or tyrannical—and the government usually acts in accordance with the mercantilist model. That is, it enacts laws that favor small special-interest groups—the study calls them "redistributive combines"—and discriminates against the interests of the majority, which has marginal power or token legality.

His point is this: That in Peru, and I am afraid increasingly sometimes in the United States Congress, if you are

a very organized special interest group, if you have your version of what you want so that if we raise taxes we will give you government money, then you come to the Congress, but it is very helpful to rush your bill through, to have it written in a back room by staff who are not elected by anyone, to rush it through before anyone has seen it, and then later to say, "Oh, gee, I did not realize all those things were in the bill."

I think the action we are seeing this week is an example of that kind of government by special interests.

Mario Vargas Llosa goes on to say the following on page 17 of the foreword:

This system is not only immoral but inefficient. Within it, success does not depend on inventiveness and hard work but on the entrepreneur's ability to gain the sympathy of presidents, ministers, and other public functionaries (which usually means his ability to corrupt them). In chapter 5, on the cost of legality and informality, Hernando de Soto reveals that, for the majority of formal or legal businesses, the single greatest expense in both money and time, is bureaucratic maneuvers. This blights our economic life at its very roots.

Instead of favoring the production of new wealth, the system, owned, in effect, by the closed circle of those who benefit from it, discourages any such effort and prefers merely to recirculate an ever-diminishing amount of capital. In that context, the only kinds of activity that proliferate are non-productive, parasitic activities—our elephantine bureaucracies.

Now, why would I read that in terms of this week's child care bill? Because we are going to see a very clear choice this week. President Bush has proposed, and I believe in the Stenholm-Shaw bill we are going to have a chance to see a bill which gives power and gives choice to parents, and which says to the parents you pick the child care you want for your children. You pick a variety of choices. But it is up to you. You are the parents of the child. You know best what you think your child needs.

Our friends on the left simply cannot stand that choice. Our friends on the left believe that only a bureaucracy can protect children.

So I think part of the reason we are seeing this bill rushed through is because people are afraid if we get a chance to analyze it, if we get a chance to look at it, that in fact the bill is going to end up in a situation in which they could not pass their version on the left, which is against parents choosing, against mothers staying at home, and against children having an opportunity to go to a child care center where they might be allowed to pray before they have their cookies and their lunch.

I hope the Democratic leadership will listen. I hope they will not try to bring this bill to the floor this week. I

hope they will recognize what a disaster that would be.

#### NICARAGUA: THE LONG, HARD MARCH TO FREEDOM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. SKELTON] is recognized for 60 minutes.

Mr. SKELTON. Mr. Speaker, on Sunday, February 25, the Nicaraguan people finally had the chance to express themselves at the ballot box in a fair and honest fashion. By a landslide margin—55 to 40 percent—they elected Violeta Chamorro, the candidate of the 14-party National Opposition Union, over the incumbent President, Daniel Ortega of the Sandinista National Liberation Front.

In my talk today, I will review some of the key events of the past 10 years that culminated in the victory of Mrs. Chamorro on the last Sunday in February. I will examine those events as they unfolded in Central America and in Washington. I will critique the policies toward Nicaragua followed by three American administrations and also discuss the important role that the Congress played in this drama. I will touch upon both the intelligent decisions made and also the mistakes committed both by the executive branch and by the Congress. In doing so my purpose is not to apportion credit or blame—though that cannot be avoided—but to extract some of the lessons that we as a nation should take from this 11-year effort. Finally, I will discuss the various difficulties that the new government of Mrs. Chamorro will face as it attempts to secure the political and economic foundations of a democratic Nicaragua.

#### A REVOLUTION TRIUMPHANT, A REVOLUTION BETRAYED

Eden Pastora, "Commander Zero" was the most charismatic leader of the Sandinista guerrilla army that defeated the forces of Nicaraguan dictator Anastasio Somoza in 1979. His daring seizure of the national palace in August 1978 to secure the release of 59 compatriots held by Somoza captured the imagination of the Nicaraguan people and the world. Yet by April 1982 he had become disillusioned with the revolutionary government that he had helped to install and issued a public statement from Costa Rica breaking with the Sandinistas.

Yet "Commander Zero" was not the only prominent individual who had become disenchanted with Sandinista rule. Others who had supported the overthrow of the Somoza dictatorship, had worked with the Sandinistas, and had also become disillusioned included Violeta Chamorro, Alfonso Robelo, Arturo Cruz, Adolfo Calero, and Alfredo Cesar. Each of these individuals had become disillusioned because the promises made by the Sandinistas to

form a government based on political pluralism, a mixed economy, and international nonalignment had all been broken.

It's important to understand that upon coming into office in 1977 the Carter administration facilitated the downfall of the Somoza dictatorship through its effort to promote human rights. In my opinion the Carter administration policy was the correct one to pursue. The Somoza regime was repressive, corrupt, and undemocratic. If we were to promote the ideals of the United States in the world, we had to hold friends to the same standards as we did foes.

However, the Carter administration committed one crucial mistake prior to the downfall of the Somoza regime—it failed to intervene early enough in the Nicaraguan turmoil to ensure a democratic succession. Not wanting to make the mistake of imposing a "Yankee" solution, it found itself unable to influence the ultimate outcome. In the post-Vietnam era, President Carter did not want the United States going it alone. However, in Central America, a region of the world where a strong American voice was expected, the unsure pronouncements from Washington simply confused the situation.

The Carter State Department was divided between those who wanted to intervene in the fall of 1978 to remove Somoza and those who felt it was wrong for the United States to overthrow a foreign government. The former included those whose principal responsibility was Latin America; the latter included everyone else at State including Secretary Cyrus Vance. The opportunity to form a moderate government made up of the civic opposition to Somoza was lost. Those forces—the political parties, labor groups, the church leadership, and private enterprise associations—found themselves caught between Somoza on one side and the Sandinista front on the other. When the United States proved unwilling to exert its influence to remove Somoza the civic opposition decided to throw in its lot with the FSLN. Unfortunately, in July 1979 after the defeat of Somoza's national guard, it was the FSLN, not the civic opposition, that had the guns.

The Carter administration tried to establish good relations with the new regime. President Carter invited Daniel Ortega to the White House to discuss matters of mutual interest between the new government and the United States. This country showed its good faith by providing Nicaragua \$118 million in economic assistance, including more than 100,000 tons of food in the first 2 years.

Yet true to its revolutionary beliefs, the Sandinista leadership was more interested in promoting revolution in Central America than in cultivating better relations with the United

States. A few years later, in May 1983, the House Permanent Select Committee on Intelligence confirmed this point. It noted that:

A major portion of the arms and other material sent by Cuba and other Communist countries to the Salvadoran insurgents transits Nicaragua with the permission and assistance of the Sandinistas. . . . The Salvadoran insurgents rely on the use of sites in Nicaragua, some of which are located in Managua itself, for communications, command-and-control, and for the logistics to conduct their financial, material, and propaganda activities.

With close ties to Fidel Castro, the Sandinista leaders went about the task of setting up a regime modeled on that of their mentor. They invoked press censorship, established a powerful secret police, mounted systematic attacks on the church, and built up a large military force. In a little over a year in power the Sandinista popular army was the largest in Central America, having grown from 5,000 to at least 24,000 men. All this, it should be noted, came about prior to the Contra insurgency. In fact it was these policies that contributed to the rise of an armed resistance movement, soon to be known as the Contras.

#### ENTER, STAGE RIGHT, RONALD REAGAN

Ronald Reagan came to Washington in 1981 with a mandate to restore U.S. strength in a dangerous world. The humiliation of Iran holding American diplomats hostage for 444 days, along with the Soviet invasion of Afghanistan, had convinced the American public that a change was required.

In Nicaragua, the Reagan administration decided to take a tougher approach. From 1981 until 1984, the Reagan administration put together a military assistance program through various intelligence authorization acts. Assistance went to a variety of groups who had taken up arms against the Sandinistas: former National Guard members who has formed the Nicaraguan Democratic Forces (FDN), Miskito Indians of Misura, and former Sandinista fighters under the leadership of Eden Pastora and the Nicaraguan Democratic Revolutionary Alliance [ARDE].

With the benefit of hindsight, I believe that the problems the Reagan administration encountered in developing a policy toward Nicaragua included the following: Too strong an emphasis on covert action, tardiness in trying to build public support, and the fiasco that came to be known as the Iran-Contra affair.

The first problem resulted from a fundamental misreading of how to proceed in Central America. The Reagan administration sought to promote an important change in policy through covert means. Whether it lacked the courage of its convictions or thought such a course was the quickest way to achieve its goals, the admin-



istration decided not to inform the American public about the important stakes in Nicaragua. This was a serious mistake.

Covert assistance gave the effort in Nicaragua the aura of illegitimacy. Such assistance can work only when one of two conditions is met: If the program is a relatively small one or if there is genuine bipartisan support for such a policy. Covert assistance to Nicaraguan resistance fighters met neither of those two conditions.

One need only contrast partisan differences over Nicaragua with bipartisan support for covert assistance to the Afghan guerrillas. Support for the Afghan resistance received consistent support from 1980 on because the issue was very easy to understand. Evening news broadcasts showing Soviet invasion forces operating in Afghanistan was a clear case that the American public could understand. The outright Soviet invasion of a Third World country merited U.S. support for those willing to oppose this flagrant violation of international law. Public support for the Afghan cause made it easy to fashion bipartisan congressional support for the Afghan guerrillas.

In Nicaragua, however, the American public had no comparable dramatic event with television footage showing an invasion force landing in the country. The case for aiding the Contras was not an open and shut one for those in the general public who had not paid close attention to developments since the late 1970's. In fact, events in Nicaragua reminded many of Vietnam. It seemed like a civil war, with the United States once again backing a sordid group, this time a bunch of rebels who had been part of Gen. Anastasio Somoza's national guard.

Even worse, however, was having the issue of covert military support for the Contras introduced to the American public and Members of Congress through the pages of the Washington Post in early 1982. This was no way to broach the issue to a public nor to a Congress leery of repeating our tragic experience in Vietnam. Reports in the press of anti-Sandinista exile groups fighting the Nicaraguan Government mounted. A November 1982 Newsweek cover story with the sensational title "America's Secret War," simply increased the aura of illegitimacy to the U.S. effort.

Realizing its covert effort was not working—it was too big to be covert and it was encountering substantial opposition in Congress—the administration decided to make the effort to build public support for its muscular policy towards Nicaragua. Enlisted in the effort were Henry Kissinger, who chaired a 12-member commission to formulate a long-range policy toward the region as a whole; the office for

public diplomacy at the State Department; and Ronald Reagan himself, "the great communicator."

Though neither consistent nor sustained, the administration's efforts succeeded in winning \$100 million in lethal and nonlethal assistance for the Nicaraguan resistance in July of 1986. Part of its success in its 221-209 victory in the House of Representatives that summer was that the package included more than just military aid to the Contras. Three million dollars of the \$100 million went to establish a human rights program for the Contras. I believe it was the first time in history that such a program was established for any guerrilla group. Equally important, another part of the aid package reappropriated \$300 million from the Defense Department for economic support of the other four Central American democracies.

#### MILITARY OPERATIONS, IRAN-CONTRA, AND THE ARIAS PLAN

The aid package of 1986 provided a substantial infusion of resources for the various resistance groups. The United States established intensive training courses for low-level resistance combat leaders and specialists at selected military bases in the United States and Honduras. Approximately 1,400 Contras received training in small unit operations, field medical care, and tactical communications. Another 500 were trained as paratroopers and 200 more in demolition warfare. Weapons supplied included crew-served machine guns, light mortars, sophisticated communications equipment, and about 350 "Redeye" shoulder-fired anti-aircraft missiles. This last critical weapon helped turn the tide of battle in Nicaragua by denying the significant aerial advantage the Nicaraguan military had previously possessed with its Soviet-supplied armored helicopters.

Within 3 months of the mid-October final passage of the continuing appropriations act, results could be seen. Newspaper accounts the following January and February described resistance fighters engaging Sandinista army units in northern Nicaragua. Throughout 1987 the war increased in intensity. In classic guerrilla warfare fashion the resistance fighters spread out throughout the entire country except into the urban areas on the west coast. Picking their fights and maintaining the initiative, the rebels became a very capable fighting force.

By the latter part of 1987, resistance forces were mounting larger and bolder operations than had ever taken place during the war. In one engagement along the vital Rama road, the strategic link between the Atlantic port of El Bluff and the capital of Managua, a rebel force of some 3,000 men engaged several Sandinista counterinsurgency battalions in a battle that lasted more than 2 days. One Wash-

ington Post account put the Sandinista losses at more than 300 compared to less than 50 for the resistance.

An even larger rebel force of about 7,000 attacked the gold-mining towns of Siuna, Rosita, and Bonanza in northern Nicaragua in late December 1987. This operation displayed the kind of complex military operations the rebels were capable of mounting. The Sandinista army found itself stretched thin by the reinvigorated resistance forces.

Yet military success on the ground in Nicaragua was undermined by political scandal in Washington. In November 1986 the Iran-Contra affair broke. All efforts by the administration to build public support for its policy toward Nicaragua came to a halt. It seemed that everyone in the administration was running for cover and that the primary effort in the White House had become one of saving the Reagan Presidency. Building public support for the President's Nicaragua policy would have to wait. The momentum for continued military assistance to the resistance fighters was lost. This was confirmed in early February 1988 when by a vote of 219-211 the House of Representatives voted against further military assistance to the Nicaraguan resistance.

While the tempo of fighting increased in Nicaragua and scandal took its toll in Washington, Oscar Arias, the President of Costa Rica, was putting together a plan to end the Nicaraguan conflict. The Central American peace agreement of August 7, 1987, called for an end to all outside support for guerrilla groups in Central America, in exchange for steps by each government toward the establishment or perfection of democratic institutions and practices. The Central American leaders stated that the continued United States military assistance to the Nicaraguan rebels violated the spirit of the accord as did Nicaraguan support for the Salvadoran guerrillas.

The Arias plan offered the Sandinistas the face-saving formula of a Central American plan for ending the conflict in Nicaragua in exchange for democratic elections. The Reagan administration resisted the Arias plan, despite professions to the contrary, because it believed that the Sandinistas would never permit fair elections to be held. This view was shared by many in Congress who had supported the Contras.

Yet while some supported the Arias plan because they thought it might lead to the peaceful turning out of the Sandinistas, many others did so because they wanted to kill off the Contras for good. They were more interested in delivering a political defeat to Ronald Reagan than in helping the Nicaraguan people secure their free-

dom. In Congress this was reflected last fall by those who claimed to support the peace process but voted against providing financial support to ensure a fair election in Nicaragua.

#### BUSH ADMINISTRATION DIPLOMACY

Upon taking office the Bush administration took a different approach than the Reagan administration in its policy toward Nicaragua. It sought to craft a bipartisan accord with Congress expressing American support for peace, security, and the process of continued democratization in Central America. In March 1989 the administration succeeded in its effort.

The essence of that accord was to continue providing the Contras only humanitarian assistance in exchange for pursuing a resolution to the problems of Nicaragua through the Central American Peace plan. The administration offered four key congressional committees the option of vetoing the assistance in November if any one of them judged the administration insincere in its support of the diplomatic process. But late last October, Daniel Ortega announced that the Sandinista government was ending the cease-fire that has been in effect since June 1988. That surprising announcement eliminated any possibility that the Congress would end its support of humanitarian assistance to the Nicaraguan fighters and their families holed up in their camps along the Nicaraguan-Honduran border.

The Bush administration's willingness to work with Congress on the issue of Nicaragua did two things. First, it eliminated the issue as a contentious one between the Republican administration on one side and the Democratic Congress on the other. Second, it shifted international attention from congressional battles over Contra aid in Washington to the effort to ensure a fair election in Nicaragua.

#### THE WORLD TURNED UPSIDE DOWN

In between the date of the signing of the bipartisan accord on Central America in March 1989 and the election that took place in Nicaragua this past February the cold war came to an end. The political and economic changes set into motion by Mikhail Gorbachev upon coming into power in early 1985 resulted in a total transformation of the Communist order in Eastern Europe in the last half of 1989. The upheaval was total. Communist regimes in Poland, Hungary, East Germany, Czechoslovakia, Bulgaria, and Romania were overthrown as the people in each of those countries called for the establishment of genuine democratic governments based on free market economic principles.

Events in the Soviet Union and Eastern Europe did not go unnoticed in Nicaragua; nor was that country left unaffected by those events. For the people of Nicaragua and the UNO Co-

alition, those tumultuous events were an important morale booster. The dramatic changes in which yesterdays dissidents had become today's leaders offered the prospect that a similar transformation could take place in Nicaragua.

If the opposition in Nicaragua viewed the events in Eastern Europe with great joy and hope, the government viewed those same events with a mixture of disbelief and horror. Democratic regimes in Eastern Europe would ultimately cut off the economic and security ties that had proved vitally important to the Sandinistas since their assumption to power 10 years earlier. But the first order of business for the Sandinistas was to win the elections to which they had committed themselves in February 1989, at the summit of the five Central American Presidents in El Salvador.

#### THE NICARAGUAN ELECTIONS

Two factors prompted the Nicaraguan Government to move up elections scheduled for November 1990 to February 1990: the first, the desire to disband the Nicaraguan resistance as a force that could once again be committed to battle; the second, the need to attract foreign aid to improve an economy going badly downhill.

Despite the contention of the critics that the Nicaraguan rebels did not contribute to the democratic outcome in Nicaragua simple logic refutes that notion. One of the key goals of the Nicaraguan Government throughout years of negotiation was the disbanding of the Contras. While on various occasions declaring the Contras ineffective or insignificant, the ruling Sandinista Government in Managua disclosed its true evaluation of that tough fighting force by consistently calling for their demobilization.

Those of my colleagues who argued that our money to support the Contras was money wasted credit Oscar Arias with the outcome of February 25. Yet without the pressure provided by up to 20,000 peasant Contra fighters, a force more than twice the size of the Salvadoran guerrillas in a country with half the population, President Arias would have had nothing to offer up in his negotiations sessions.

If the military pressure of the Nicaraguan resistance helped force the ruling Sandinista regime to agree to hold elections, equally significant was the economic embargo the United States placed upon Nicaragua in May 1985. Those sanctions on top of earlier Sandinista mismanagement of the economy took a heavy toll. By 1989, Nicaragua had been brought to economic disaster with widespread poverty, widespread shortages of consumer goods, an unemployment rate of more than 25 percent, and an inflation rate of 36,000 percent, a world record.

Both the military and economic pressure the United States exerted on

the hard-line government in Managua provided Oscar Arias the negotiating leverage he used to good purpose. In effect, the Central American Presidents through their peace plan gave Daniel Ortega a face-saving way out of his predicament. In a very disjointed, unplanned fashion both supporters of the military track and supporters of the diplomatic track contributed to the happy outcome of February 25.

#### MYTHS DESTROYED

In examining the "upset" victory of Violeta Chamorro, it is important to note how completely wrong were many of the long held beliefs of those who claimed to understand Nicaragua under Sandinista rule. Those individuals—professors, church leaders, journalists, and politicians—were wrong in believing the line that the Sandinista revolution had benefited the poor. In fact, the opposite is true—the revolution benefited the ruling elite at the expense of everyone else in the country. The experience of Nicaraguans replicated the experience of the peoples of Eastern Europe who suffered under 40 years of Communist misrule. The people of Nicaragua knew who had made them poor by wasting resources on unproductive state enterprises in addition to the mansions and luxury automobiles for the commandantes. The expensive campaign waged by the Sandinistas probably did as much as anything else to alienate the poor. The people could have put to better use the money spent by the ruling party on baseball caps, T-shirts, and expensive rallies during the electoral campaign.

Those experts on Nicaragua were also wrong in believing the FSLN had broad support in the country. By U.S. standards the 55- to 40-percent victory of the UNO coalition was a landslide victory. Had the ruling government permitted the 10 to 20 percent of the populace who chose exile rather than life under Sandinista rule to vote, the tally would have been even more lopsided.

The experts were equally wrong in believing the Sandinistas had broad support among the young. After all it was the young who suffered the most under an unpopular draft that sent them off to fight a war for a regime they did not support.

The experts also struck out in thinking the people of Nicaragua would blame the United States rather than the ruling party for the war and the economic fiasco in which Nicaragua found itself. The vote showed clearly for the entire world to see that the people of Nicaragua held the government of Daniel Ortega responsible for the mess at home.

As for the American military action in Panama, I would argue that far from angering the people of Nicaragua, as many experts contended, it



gave the Nicaraguans hope. After Noriega stole the Panamanian elections last May and the international community did nothing about it, Nicaraguans must have wondered if they were to be condemned to the same fate should the Nicaraguan regime act in the same high-handed manner. The American military intervention last December showed them that the United States would not sit by if Daniel Ortega stole the elections or voided them as had his ally, Manuel Antonio Noriega. Someday a poll should be conducted in Nicaragua on this issue but I would counsel hiring some firm other than those who predicted a solid Ortega victory.

But possibly the biggest error that the self-appointed experts on Nicaragua made concerned the notion that the Nicaraguan resistance, the Contras, were widely unpopular at home and that they would drag down the UNO coalition because too many of its leaders were identified with them. In fact, precisely the opposite was true. In those areas of greatest Contra activity, in the central Provinces of Chontales and Boaco, and in the northern Provinces of Jinotega and Matagalpa, the UNO coalition won by a wide margin. In the central Provinces they won 67.9 percent of the vote compared to 27.7 percent for the Sandinistas. And in the northern Provinces, UNO won 57.7 percent to the Sandinistas' 37 percent.

On the other hand, those of us who considered ourselves opponents of the Sandinista regime must admit making some miscalculations. Many of us simply didn't believe the Arias plan would work. But then again, who in 1987 could have foreseen the turn of events in the Soviet Union and Eastern Europe that would so dramatically influence the situation in Nicaragua. But we should have seen the Arias effort as a face-saving way for the Sandinistas to go along with new elections.

We also did not believe the Sandinistas would permit fair elections. Credit here goes to a variety of groups—the United Nations, the Organization of American States, the Center for Democracy, the Archbishop of Managua, and former President Jimmy Carter—who monitored the elections. And credit must also be given to the existing government which permitted these various groups to monitor the elections.

#### POSTSCRIPT

If the policies of the Carter administration were marked by a reluctance to become involved, to use American power and influence, those of the Reagan administration suffered from the opposite tendency, to rely too heavily on American power. Ironically, both administrations pursued policies in Central America in which each claimed it was applying the lessons of

Vietnam. Scarred by a failed war in which more than 58,000 Americans died, the bitter lesson for the generation that came of age in the 1960's and 1970's became "never again," "no more Vietnams." To oversimplify the two positions—for liberals the hard lesson of Vietnam meant no American involvement in regional wars, for conservatives it meant no long dragged out involvement in regional wars.

Six years of contentious partisan struggle over the issue of Contra aid convinced the incoming Bush administration that only a genuine two-track policy towards Nicaragua could work. President Bush, Secretary of State Baker, Assistant Secretary of State Aronson should be commended for their efforts to forge a bipartisan accord with the Congress. The democratic leadership of the House and Senate deserve credit for their willingness to give the new Bush administration the benefit of the doubt.

Three elements contributed to the ultimate electoral victory of Violeta Chamorro and the UNO coalition. The first element was the steadfast support for democracy in Nicaragua on the part of this country for over a decade, from earlier support for the Nicaraguan resistance, to the recent support for the electoral process. The second element was the determined effort on the part of the Central American leaders to find a peaceful solution themselves for the region. The third element was the crucial role played by international observers to ensure the fairness of the elections. I suspect the turning point in the campaign took place when the Nicaraguan people lost their fear, when they became convinced that their vote would indeed be cast in secret.

In the last analysis, however, credit for victory has to go to the Nicaraguan people. They voted for Violeta Chamorro and a platform that called for an end to the war, an end to the draft, and an end to dictatorial rule. They also voted for reconciliation at home and a new relationship with the United States.

Now the real work in Nicaragua begins. The problems are formidable. The President of Czechoslovakia, Vaclav Havel described some of the same problems his country must confront after years of corrupt Communist rule. In a speech to the Congress a few days before Mrs. Chamorro won her victory this is what he said:

The Communist type of totalitarian system has left \* \* \* Czechs and Slovaks—as it has all the nations of the Soviet Union and the other countries the Soviet Union has subjugated in its time—a legacy of countless dead, an infinite spectrum of human suffering, profound economic decline, and above all enormous human humiliation. It is the same sad legacy that the Sandinistas have bequeathed their fellow Nicaraguans.

On the economic front, 11 years of Sandinista mismanagement and 5 years of the U.S. trade embargo will not be overcome in a matter of weeks or months but more likely will take years. On the military side, there are the twin problems of demobilizing the Contras on the one hand and the Sandinista Peoples Army and Interior Ministry Security Forces on the other.

Equally challenging will be the establishment of a solid democratic political foundation. There are questions about the 14-party alliance holding together. It is almost always easier to unite such coalitions against a common enemy than to maintain them when the time comes to govern. And yet I believe that there is cause for hope. The leaders of the 14 parties have worked closely together and under difficult and dangerous circumstances for many many months. They probably realize better than anyone else that the Sandinistas will remain a bitter foe, even in opposition. The only way they can hope to secure a prosperous and democratic future for their country is to continue working together as they have in the past.

On the other side, what role will the Sandinistas play in a Nicaragua trying to set up a democratic form of government? Will they play a constructive role, that of the loyal opposition and try to reform themselves as many of the Communist parties of Eastern Europe are attempting to do? Will they split up into the three factions that existed prior to 1979 and decline in importance? Or, more likely and more ominously, will they become like the Nazi Brownshirts of another era, dedicated to undermining the capacity of the embryonic democratic order to function?

Nicaraguans and Americans would be naive to think that the struggle is over. There is a vast Sandinista bureaucracy to overcome. The transition to a civil society, difficult whenever a dictator falls, will be even more difficult in Nicaragua because though the Sandinistas lost at the ballot box, they maintain their power, encrusted over a decade of rule. But one thing will be far different. The government of Violeta Chamorro will have the ability to call upon the help of the international community in case the Sandinistas prove recalcitrant. In extremist President Chamorro could call upon U.S. military assistance. Like his friend Manuel Antonio Noriega, Daniel Ortega would not want to find himself being pursued by American forces and ultimately landing in a U.S. jail.

I hope this will not be necessary. Maybe the United States can start to devote more attention to the rest of Latin America than has been the case for the past decade. There certainly is no shortage of problems in the region. Almost every Latin American country

in the Western Hemisphere confronts two and sometimes three or more of the following difficulties—guerrilla war, economic chaos, environmental destruction, pollution, population growth, and an increasing drug culture.

Benign neglect concerning the problems of our southern neighbors will only cost us more in the future.

### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DANNEMEYER) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, today.

Mr. BOEHLERT, for 60 minutes, on March 21 and 22.

Mr. McEWEN, for 60 minutes, on March 20.

(The following Members (at the request of Mr. WASHINGTON) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ROSTENKOWSKI, for 5 minutes, on March 20.

Mr. GEPHARDT, for 5 minutes, on March 20.

Mr. SKAGGS, for 5 minutes, on March 21.

Mr. DURBIN, for 60 minutes, on March 20 and 21.

### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Member (at the request of Mr. DANNEMEYER) and to include extraneous matter:)

Mr. GINGRICH.

(The following Members (at the request of Mr. WASHINGTON) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. HAMILTON.

Mr. BONIOR.

Mr. EDWARDS of California in two instances.

Mr. STARK.

Mr. LANTOS.

Mr. FASCELL in two instances.

### ADJOURNMENT

Mr. SKELTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 5 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 20, 1990, at 12 noon.

### CONTRACTUAL ACTIONS, CALENDAR YEAR 1989 TO FACILITATE NATIONAL DEFENSE

The Clerk of the House of Representatives submits the following report for printing in the CONGRESSIONAL RECORD pursuant to section 4(b) of Public Law 85-804:

OFFICE OF THE SECRETARY OF DEFENSE,  
Washington, DC, March 9, 1990.

Hon. THOMAS S. FOLEY,  
Speaker of the House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER, In compliance with Section 4(a) of Public Law 85-804, enclosed is the calendar year 1989 report entitled "Extraordinary Contractual Actions to Facilitate the National Defense."

Section A, Department of Defense Summary, indicates that 30 contractual actions were approved and that two were disapproved. Those approved include actions for which the Government's liability is contingent and cannot be estimated.

Section B presents those actions which were submitted by the Army, Navy, and Air Force with an estimated or potential cost of \$50,000 or more. A list of contingent liability claims is also included where applicable. The Defense Communications Agency, Defense Mapping Agency, Defense Nuclear Agency, and the Strategic Defense Initiative Organization reported no actions while the Defense Logistic Agency indicated one action not involving a specific dollar cost.

Sincerely,

D.O. COOKE, Director.

Enclosure: As stated.

CONTRACTUAL ACTIONS TAKEN PURSUANT TO PUBLIC LAW 85-804 TO FACILITATE THE NATIONAL DEFENSE, CALENDAR YEAR 1989

#### SECTION A—DEPARTMENT OF DEFENSE SUMMARY

#### SUMMARY REPORT OF CONTRACTUAL ACTIONS TAKEN PURSUANT TO PUBLIC LAW 85-804 TO FACILITATE THE NATIONAL DEFENSE JANUARY-DECEMBER 1989

Department and type of action	Actions approved			Actions denied	
	No.	Amount requested	Amount approved	No.	Amount
Department of Defense—Total.....	30	25,099,454	25,049,603	2	5,097,075
Amendments without consideration.....	3	24,142,000	24,100,000	1	172,938
Other—Residual powers.....	1	0	0	1	4,924,137
Formalization of an informal commitment.....	1	957,454	949,603	0	0
Advance payment.....	0	0	0	0	0
Contingent liabilities.....	25	0	0	0	0
Army—Total.....	7	0	0	2	5,097,075
Amendment without consideration.....	1	0	0	1	172,938
Other—Residual powers.....	1	0	0	1	4,924,137
Contingent liabilities.....	5	0	0	0	0
Navy—Total.....	16	25,099,454	25,049,603	0	0
Amendment without consideration.....	1	24,142,000	24,100,000	0	0
Other—Formalization of an informal commitment.....	1	957,454	949,603	0	0
Contingent liabilities.....	14	0	0	0	0
Air Force (Total).....	6	0	0	0	0
Contingent liabilities.....	6	0	0	0	0
DCA—Total.....	1	0	0	0	0
Amendment without consideration.....	1	0	0	0	0
Other—Advance Payment.....	0	0	0	0	0
DCA—Total.....	0	0	0	0	0
DMA—Total.....	0	0	0	0	0
DNA—Total.....	0	0	0	0	0
SDIO—Total.....	0	0	0	0	0

#### SECTION B—DEPARTMENT SUMMARY

Contractual actions with actual or potential cost of \$50,000 or more taken pursuant to Public Law 85-804 to facilitate the national defense January-December 1989

U.S. Army

#### Contingent liabilities

Provisions to indemnify contractors against liabilities because of claims for death, injury, or property damage arising from nuclear radiation, use of high energy propellants, or other risks not covered by the contractor's insurance program were included in five contracts; the potential cost of the liabilities can not be estimated since the liability to the Government, if any, will depend upon the occurrence of an incident as described in the indemnification clause. Items procured are generally those associated with nuclear-powered vessels, nuclear armed missiles, experimental work with nuclear energy, handling of explosives, or performance in hazardous areas.

Contractor	Number
Bechtel National, Inc.....	1
Hercules, Inc.....	1
Ralph M. Parsons Co.....	1
U.S. Army Armament, Munitions, and Chemical Command.....	1
Westinghouse Electric Corp.....	1

Total ..... 5

Contractor—Durst Division Regal-Beloit Corporation.

Type of action—Amendment Without Consideration.

Actual or estimated potential cost—\$172,938.

Service and activity—USATACOM, Warren, Michigan.

Description of product or service—Trucks. Background—The contractor, Durst Division Regal-Beloit Corporation, has requested extraordinary contractual relief based on cost increases resulting from the following items.

a. Department of Commerce anti-dumping rulings on bearings;

b. A DoD decision to closely inspect all fasteners; and

c. Material surcharges caused by increased demand.

Although the contractor did not specify whether it is requesting relief via an amendment without consideration, the correction of a mistake, or the formalization of an informal commitment, none of the authorized grounds for granting relief, pursuant to Public Law 85-804 are met by the request, which involves the transfer of a truck (Model M44A2, Series 2½).

Justification.—In order to authorize an amendment without consideration, the Government must be able to show that either the contractor is essential to the national defense or that a Government action, while not creating a liability on the Government's part increased performance costs. The action, furthermore, must be directed primarily at the contractor and must be the result of the Government acting in its own capacity. Certainly, however, the Government's actions to promote economic activity were neither directed primarily at Durst nor the result of its own actions.

The contractor has not claimed a mistake, and one has not been found which would constitute a mutual mistake. The contract was awarded to Durst on the basis of adequate competition after a review conducted by the Tacom Price Analysis Division. In fact, the competition was extremely close



with less than 10% separating the offer made by Durst from that of the second offeror. Granting Durst's request would thus result in its price being higher than that of the next lowest bidder. In addition, no informal commitments are alleged by the contractor or supported in the file. Durst was expected to comply with the contract as originally awarded. Modifications to the contract have been limited to administrative changes, having no impact on contract performance or changes made for the contractor's convenience, such as the approval of requested specification changes and the extension of delivery schedules.

**Decision.**—There is no basis on which a determination can be made that the Durst Division of Regal-Beloit is essential to the national defense. The contractor's business with the Department of Army is limited to competitive items, specifically, these items include bearings and fasteners. Although the presence of a competitive contender is welcome, other firms are capable of supplying the same items that Durst manufactures.

Despite Government action, relief can not be authorized. The anti-dumping rulings issued by the Department of Commerce for bearings were not directed primarily at Durst. This action was intended to impact worldwide suppliers of bearings. Furthermore, the ruling was the result of the Government acting in its sovereign capacity rather than in its contracting capacity. In addition, there is no evidence to indicate any change imposed on the contractor after the award of the contract regarding fasteners that would entitle the contractor to any contractual relief. Similarly, DoD did not revise any fastener requirements. Instead, it took steps to assure that existing requirements were met by fastener suppliers. The action was again intended to have a total industry impact. Even if this action resulted in higher costs for Durst, it was not directed primarily at it, and, again, the Government was acting in its sovereign, as opposed to contracting, capacity.

Based on the facts cited above and pursuant to the Delegation of Authority 87-07, dated June 16, 1987, Regal-Beloit Corporation's request for extraordinary relief under Public Law 85-804 is denied by the responsible contracting official.

**Contractor.**—Developmental Sciences Corporation (DSC).

**Type of action.**—Residual Powers.  
Actual or estimated potential cost.—\$4,924,137.

**Service and activity.**—U.S. Army Missile Command (MICOM) and Army Material Command (AMC).

**Description of product or service.**—Warfare Research.

**Background.**—The U.S. Army Missile Command issued a Draft Request for Proposals (DRFP), Number DAAH01-86-R-A336, on November 25, 1985. The DRFP called for an Intelligence Electronic Warfare Unmanned Aerial Vehicle (IEW-UAV) System. The IEW-UAV System was to be a non-developmental item (NDI). The DRFP addressed three distinct phases of the IEW-UAV System which included the initial, interim, and objective requirements. A copy of the NDI Pamphlet 70-7 was also included as a part of the DRFP. The objective of the DRFP was to allow respondents to review all elements of the DRFP and make industry comments and recommendations concerning technology and cost evaluations that could be useful in refining the Army's requirements. Desired responses were to be

made at no cost to the Government. Comments and questions regarding the DRFP were to be received by the issuing office no later than January 3, 1986. The DRFP, Solicitation Number DAAH01-86-R-A336, dated November 25, 1985, was synopsisized in the Commerce Business Daily on November 15, 1985. Fifty-five companies obtained copies of the DRFP, with 13 (both large and small) companies providing responses. The issues addressed, comments provided, and questions voiced by industry served to confirm that the critical issues and technical requirements could be met through an NDI procurement.

MICOM performed a market survey for the IEW-UAV System to determine whether other companies possessed the capabilities defined in the IEW-UAV requirements. The results confirmed that a definite interest existed in competing for the IEW-UAV System, the responses to the requirements indicated that at least 11 firms had the capability to provide a sample system for evaluation and competition and at least four off-the-shelf systems to meet or exceed the performance characteristics required for the IEW-UAV demonstration.

Subsequently, RFP, Number DAAH01-87-A764, was issued on October 31, 1986, seeking proposals for the IEW-UAV. The RFP stated that the IEW-UAV was to be solicited as an NDI and that offerors must demonstrate their products' capabilities at their own expense. The objective of the planned procurement was to provide the Army with a complete off-the-shelf IEW-UAV System consisting of: air vehicles; mission payloads; command, launch, and recovery equipment; and support and training equipment. The closing date for the submission of all proposals was February 17, 1987. On or before that date, MICOM received proposals from three offerors, including DSC.

During March and April of 1987, DSC and one other offeror, California Microwave, Inc. (CMI), demonstrated their IEW-UAV's capabilities at Fort Huachuca, Arizona. The third offeror, Pacific Advanced Engineering, dropped out of the competition without participating in a demonstration. The performance demonstration for DSC was conducted from March 17, 1987, through April 8, 1987.

It was concluded that both offerors failed to successfully demonstrate several of the required capabilities. Since offeror met the stated evaluation requirements, both were considered technically unacceptable; thus, in accordance with the terms of the solicitation, neither could be considered for award. Accordingly, MICOM cancelled the solicitation on June 17, 1987.

**Justification.**—The Board finds no basis for relief under Public Law 85-804. DSC has not supported a claim for relief based on Part 50 of FAR. Part 50.3 of the FAR provides for contract adjustments. It cites three types of contract adjustments, which are as follows: amendments without consideration, correction of mistakes, and the formalization of informal commitments. The basis for providing relief for amendments without consideration and the correction of mistakes is a contract. The Board finds that no contract existed between DSC and MICOM. Further, there is no basis for a claim alleging a formalization of an informal commitment. The Board believes there were no actions taken by an agency official which could be termed an informal commitment or implied contract.

The Board also finds no basis for relief under the "residual powers" granted to it by FAR, Part 50.4. The Board has, therefore,

determined that the actions by MICOM personnel with respect to DSC were fair and reasonable. Further, the facts as presented do not support a finding that the granting of relief to DSC would facilitate the national defense.

It should be noted that many of the same issues raised by DSC's request for relief have been raised by the second offeror, CMI. These issues were raised by CMI in a General Accounting Office (GAO) protest. CMI's protest was denied by the GAO; the Office found that the offerors had failed to demonstrate all essential characteristics, as required by the terms and conditions of the solicitation. They determined that as a matter of law there was no basis for relief and that MICOM had acted properly in its cancellation of the solicitation.

**Decision.**—Based on the information provided, the board can find no basis, equitable or legal, for granting relief. DSC understood the nature of the NDI procurement process and that the IEW-UAV System was to be procured utilizing NDI procedures. It assumed the risks associated with bidding on such a procurement. MICOM followed the rules that are applicable to NDI procedures, and their actions in applying those procedures to DSC were fair and reasonable. The Department of Army has been involved in several other NDI procurements. In most of those procurements the offeror has assumed the risks associated with this type of demonstration and evaluation. Further, while DSC complains that MICOM cancelled the solicitation, the requirement is in fact being procured using a joint program strategy. The Army's program strategy is the Unmanned Aerial Vehicle Short Range Joint System (UAV-SR). Two contracts, calling for the delivery of two UAV-SR joint systems, were awarded in September 1989. Each contract included not-to-exceed production options. It was DSC's failure to demonstrate all essential characteristics which caused their problems rather than any actions by MICOM.

In summation, the Board has considered all materials submitted by DSC, all information provided by MICOM, and all testimony presented during the Army Contract Adjustment Board hearing. Based on that review, it was the unanimous opinion of the Board that relief for DSC, under the authority of Public Law 85-804, is not appropriate and is hereby denied.

#### U.S. Navy

#### Contingent Liabilities

Provisions to indemnify contractors against liabilities because of claims for death, injury, or property damage arising from nuclear radiation, use of high energy propellants, or other risks not covered by the contractor's insurance program were included in 14 contracts, the potential cost of the liabilities can not be estimated since the liability to the Government, if any, will depend upon the occurrence of an incident as described in the indemnification clause. Items procured are generally those associated with nuclear-powered vessels, nuclear armed guided missiles, experimental work with nuclear energy, handling of explosives, or performance in hazardous areas.

#### Contractor Number

General Dynamics Corp.....	1
General Electric Co.....	1
Litton Systems, Inc.....	1
Lockheed Missiles & Space Co., Inc....	5
Rockwell International Corp.....	2
Systems & Simulation, Inc.....	1

Contractor Number	
Unisys Corp .....	1
Vitro Corp .....	1
Westinghouse Electric Corp .....	1
Total .....	14

Contractor.—Marinette Marine Corporation (MMC).

Type of action.—Amendment Without Consideration.

Actual or estimated potential cost.—\$24,100,000.

Service and activity.—Naval Sea Systems Command.

Description of product or service.—Mine Countermeasure Ships.

Background.—Mine Countermeasure (MCM) ships of the Avenger, MCM-1 Class are intended to replace aging and obsolete Mine Sweeper, Ocean (MSO) ships to provide an improve mine hunting and mine neutralization capability, both to enhance the Navy's present capabilities and to replace its present MSO fleet. Thirty percent of the systems on the present fleet of MSOs are no longer supportable through normal channels of Navy supply support. The only method for providing spare parts for these systems is through the custom manufacture of parts. Notwithstanding the economic burden of continuing to operate MSOs, the Navy recently faced the need to use them in its operations in the Persian Gulf. This experience reemphasized the importance of the potential mine warfare threat in local and regional conflicts. Necessity dictates the replacement of the MSOs at the earliest possible time with the new MCM-1 Class ships.

The original acquisition strategy for the MCMs envisioned two shipbuilders as participants in this program, which presently provides for a total of 14 MCM-1 Class ships. The initial contracts were Ship Systems Design Support (SSDS) contracts. The winner of the competition for the SSDS contract, designated the potential lead shipbuilder, received a contract to review the contract design and perform productivity studies in support of the contract design development. The "runner-up," designated the alternate lead shipbuilder, received a contract to become familiar with the contract design. In addition, plans called for the award of a lead yard services contract to the potential lead shipbuilder which provided for the effort of transferring the detail design data from the shipbuilder to the follow shipbuilder for its use in the construction of the first follow ship. This lead yard services contract also provided for establishing and maintaining options for class standard equipment (CSE) for acquisition by each of the shipbuilders.

The Navy selected Peterson Builders incorporated (PBI) as the potential lead shipbuilder, and its SSDS commenced on April 22, 1981. Performance of the SSDS contract continued until a contract was awarded to PBI for the detail design and construction of MCM-1 on June 29, 1982. The Navy then selected MMC as the alternate lead shipbuilder, and performance of its SSDS contract commenced on April 22, 1981, and continued until the award to MMC of a contract for the construction of MCM-2 on May 2, 1983. Contract awards for MCM-4 and MCM-7 occurred on December 23, 1983, and August 20, 1986, respectively.

Schedule delays, cost overruns, technical problems, and problems with the lead/follow yard relationship plagued the MCM program. The Navy took corrective action in an effort to provide new Navy leadership

and management to address the problems. Among other things, the Navy replaced both the NAVSEA Program Manager and the Deputy Program Manager in 1985. Such action was necessary due to the lack of timeliness and adequacy of lead yard data provided to MMC in accordance with the terms of its contracts. While these problems affected all of the contracts, the contracts for MCMs 2 and 4 were the most significantly affected. Resolution of these problems was particularly difficult because of differing interpretations of the contractual obligations of the parties. In addition, the Navy and MMC failed to reach agreement on the amount of the appropriate price increases to MMC's contracts, particularly those for which the Navy acknowledged MMC's entitlement to compensation.

The disagreements regarding contract interpretation related primarily to the responsibility of MMC for complying with the contractual specifications when it used data provided by the lead yard. MMC essentially took the position that all of its performance problems stemmed from late and defective lead yard data for which the Navy bore responsibility. The Navy, however, took the position that providing the amount of lead yard data suggested by MMC exceeded the Navy's obligations and that MMC bore responsibility, to some degree, for mismanagement of its part of the program. Another area of significant disagreement between the parties related to the responsibility to CSE subcontractors' failure to provide the items specified in their subcontracts entered into by MMC through the exercise of the options established by PO under the lead yard services contract. MMC took the position that CSF was equivalent to property furnished by the Government and, therefore, the Government bore responsibility for the non-performance of any CSE subcontractor. The Navy, however, took the position that MMC was required to administer the subcontracts in accordance with their terms and that if the subcontractor failed to perform in accordance with the subcontract, MMC bore the responsibility for such failure to perform.

After the submission of numerous individual Requests for Equitable Adjustment (REAs), MMC submitted a consolidated REA under all three contracts requesting price adjustments totalling \$62.8 million on December 4, 1987. MMC subsequently amended this request to include additional items, increasing the total amount of requested adjustments to \$727 million. This REA also proposed the conversion of the contract for the MCM-2 from a cost plus incentive fee contract to a firm fixed price contract within the proposed amount.

NAVSEA's analysis of the REAs resulted in the development of a Navy position regarding each item of claimed entitlement by MMC. In addition to determining the Navy position regarding entitlement, NAVSEA decided to more clearly define the obligations of the parties regarding the circumstances which had caused the problems in order to avoid future recurrences. To accomplish the desired overall resolution, initial negotiations over the terms and conditions of a settlement between NAVSEA and MMC commenced in February 1988 and continued for several months. A final agreement however, eluded the parties from reaching an agreement due to differences over whether MCM-7 was required to meet the requirements of the specifications and the parties' responsibility for CSE.

Despite these two major areas of disagreement, MMC insisted that NAVSEA make a

final settlement offer. NAVSEA advised MMC that it was willing to accommodate MMC's request but that any settlement offer would include the Navy's position regarding MMC's responsibility for those areas on which agreement had not been reached. MMC agreed to this condition, and on April 27, 1988, NAVSEA made a settlement offer to MMC in the amount of \$38.5 million. NAVSEA advised that the amount of \$38.5 million was the maximum amount which NAVSEA believed could be justified as MMC's entitlement due to the Government's responsible actions, MMC, however, immediately rejected the NAVSEA settlement offer; MMC stated that \$62.6 million would be the minimum acceptable offer and rejected the terms of NAVSEA's settlement offer.

NAVSEA advised MMC that it would not be possible to negotiate a settlement beyond the maximum amount to which MMC was entitled without the use of extraordinary contractual authority provided to the Secretary of the Navy under Public Law 85-804 and that the exercise would require a fully supported and justified request by MMC. NAVSEA further advised MMC that, in the event MMC declined to accept the proffered settlement or pursue relief under Public Law 85-804, NAVSEA would be prepared to follow the necessary steps toward the issuance of a contracting officer's final decision pursuant to the Disputes clauses of the contracts, thereby enabling MMC to pursue any additional claims through litigation.

Justification.—By letter, dated June 3, 1988, MMC submitted a request for extraordinary contractual relief pursuant to Public Law 85-804 requesting an amendment without consideration to each contract as well as reformation of the contracts on the basis of mistake. This request sought to supplement the Navy's settlement offer of \$24.1 million. NAVSEA analyzed MMC's allegations of mistake, which had first been asserted by MMC in its letter, and determined that these were not redressable on the basis set forth in MMC's request for extraordinary contractual relief, pursuant to the Contract Disputes Act (41 USC 601, et. seq.). NAVSEA also requested and received several items of additional data not included in MMC's request.

NAVSEA had an independent financial analysis conducted by a public accounting firm. Peat Marwick Main and Company (PMM), regarding the amount of money it would take to complete the three ships at MMC. PMM concluded that the amount requested by MMC was materially the same as the amount necessary to provide reasonable assurance that MMC would be able to deliver the three ships presently under contract with MMC. PMM's analysis considered a number of factors and business scenarios. Using assumptions provided by the Navy, PMM projected that very little working capital would be available to MMC upon completion of MCM-7. This conclusion remained unchanged, despite the estimates at completion (EACs) set forth in its request for extraordinary contractual relief. The Navy's EACs, with which MMC essentially agrees, for the three ships (rounded to the nearest one hundred thousand dollars) are:

MCM-2 .....	\$90,900,000
MCM-4 .....	68,300,000
MCM-7 .....	65,800,000

The EACs represent the ideal instances; however, NAVSEA expects that an increase in the cost of performance will occur. NAVSEA's least desired instances are:



MCM-2 .....	\$92,200,000
MCM-4 .....	71,600,000
MCM-7 .....	73,600,000

During the period subsequent to the submission of the request, MMC faced several financial problems. Because MMC reached the ceiling price on the MCM-2 contract and could not receive payment for work which it performed on this ship, MMC experienced a serious shortage of funds. To alleviate this situation, NAVSEA released \$3 million of contract performance retentions withheld under the terms of the contracts for MCMs 4 and 7. NAVSEA required that these released funds only be used for work in furtherance of the completion of MCM-2. Also, due to MCM's inability to provide satisfactory financial statements to its lenders, the lenders declared a default on two outstanding loans totaling \$10 million. The Navy and MMC agreed to incorporate certain changes into each of the contracts on a maximum price basis, and the Navy also agreed to provide provisional price increases due to the REAs in the contracts of both MCM-2 and MCM-4. This action provided MMC with the necessary funds to liquidate the loans. Although MMC used the funds generated from these maximum price increases for the payment of the loans, the ceiling price of the MCM-2 contract again created financial problems. Therefore, NAVSEA developed a second set of provisional price increases to the contracts for MCMs 2 and 4.

Faced with the probable cessation of work at MMC and the submission of the request for extraordinary contractual relief, NAVSEA has reviewed the status of the present situation to determine whether the Navy should consider granting the requested relief in view of all available alternatives. After a careful review, NAVSEA has determined that there are only three alternatives available: 1) pursue the resolution through the normal disputes process; 2) terminate the contracts and have the work completed by PB; or 3) recommend extraordinary contractual relief.

It is held that the third alternative should be selected in order for work to continue on the MCM-2. If either alternative 1 or 2 is chosen, NAVSEA anticipates that MCM will cease operating due to its poor financial condition. Bankruptcy proceedings would then most likely commence, which would add further delay in ship delivery and hamper the orderly completion of each of the three ships.

**Decision.**—Applicable regulations provide that no contracts, amendments, or modifications shall be entered into under the authority of Public Law 85-804 unless other legal authority within the Department of Navy is deemed lacking or inadequate. In the present case, the financial situation of MMC has deteriorated to the extent that, absent the granting of extraordinary contractual relief, MMC has no realistic alternative but to discontinue work on the three ships because it faces imminent bankruptcy. Delay in providing financial relief makes the delivery of these ships by MMC unlikely. In addition, NAVSEA has indicated that MMC would be unable to recover an amount greater than its \$38,500,000 settlement, even if MMC pursued the disputes process to its ultimate conclusion. Consequently, no other legal authority in the Department of Navy is adequate in the present circumstances.

FAR 50.302-1 (a) contains appropriate authority regarding the nature of the relief considered in this particular case. The following section provides:

"(a) When an actual or threatened loss under a defense contract, however caused, will impair the productive ability of a contractor whose continued performance on any defense contract . . . is found to be essential to the national defense, the contract may be amended without consideration, but only to the extent necessary to avoid such impairment to the contractor's productive ability."

For the foregoing reasons, MMC faces an actual or threatened loss not caused by Government action but which will nonetheless impair its productive ability where the continued performance is essential to the national defense. In this regard, in the absence of extraordinary contractual relief, MMC faces severe and adverse effects on its productive ability which would jeopardize the completion of the three MCM-1 Class ships now under contract.

The operating forces urgently need these three ships. Normal Navy channels of supply support can not aid the existing MSOs, and additional delivery delay has the potential of undermining its mine warfare capability. The proposed amendment without consideration permits MMC to continue building the ships and provides the least negative impact from both fiscal and schedule aspects.

Therefore MMC's continued performance of the three subject contracts is essential to the national defense. The minimum amount necessary to avoid the impairment of MMC's productive ability to perform remains at \$24.1 million (including projected escalation). Accordingly, and pursuant to delegation from the Secretary of the Navy, and under Public Law 85-804, 50 USC 1431, et. seq., it is evident that this decision will facilitate the national defense.

**Contractor.**—University of Southern California (USC).

**Type of action.**—Formalization of an Informal Commitment.

**Actual or estimated potential cost.**—\$949,603.

**Service and activity.**—Communications and Graphics Research, in support of the Strategic Defense Initiative Organization (SDIO); and the Battle Management Program.

**Description of product or service.**—Scientific Research.

**Background.**—On May 20, 1988, USC submitted a claim proposal to the Office of Naval Research (ONR) requesting payment for research conducted by USC's Information Sciences Institute (ISI) during the period of January 1, 1988, through June 30, 1988. This claim was based on an informal commitment made by ONR and SDIO to reimburse USC/ISI for research performed in accordance with the USC statement of work. This statement was submitted in response to a Request for Proposal (RFP). Number N00014-87-R-0022, which was cancelled in May 1988. On July 23, 1987, ONR issued an RFP covering a three year effort for the purpose of continuing the priority items under Contract N00014-86-K-0311, Mod P00002 and reinstating the nonpriority task removed by that modification. Three proposals were then received in response to this RFP.

Following a technical and cost evaluation of the proposals received in response to RFP N00014-87-R-0022, the ONR Contracting Officer determined that USC/ISI was the only offeror within the competitive range. Thereafter, on December 17, 1987, an ONR contracts negotiator informed USC that USC/ISI had won the technical compe-

tion and that cost negotiations would be forthcoming. These negotiations were entered into on January 5, 1988.

During the months of January through April 1988, ONR and SDIO personnel monitored the work performed by USC/ISI in anticipation of a contract award via telephone conversations, meetings, and visits to the USC/ISI facility. On approximately March 29, 1988, ONR decided to reopen discussions with USC/ISI and another offeror because it was determined that the documentation in the contract file did not clearly support an award to USC/ISI. However, USC/ISI was later notified in April 1988 of ONR's decision to reopen discussions.

On May 4, 1988, SDIO informed ONR that funding reductions would prevent the anticipated procurement with USC/ISI from proceeding and asked that the RFP be cancelled. ONR relayed this information to USC on May 18, 1988. During the telephone conversation between ONR and USC, it was understood the USC/ISI would submit the following: (1) a brief summary of work completed; (2) a breakdown of costs expended to date; (3) a breakdown of costs to bring its ongoing work to a logical conclusion; and (4) a detailed report of all work performed. On July 1988, SDIO evaluated USC/ISI's work to determine whether the work was relevant and/or appropriate and whether the proposed cost was acceptable in terms of technical value. SDIO subsequently concluded that the work was in fact acceptable whereupon in October 1988 USC/ISI submitted to ONR a technical report in draft form of the research conducted during the period of January 1, 1988, through June 30, 1988, in accordance with USC/ISI's response to RFP N00014-87-R-0022.

**Justification.**—ONR has concluded that the research performed by USC/ISI during the period in question is of value to the Government and entirely acceptable on a technical basis. ONR has also found USC/ISI's cost of and subsequent request for \$957,454 for the work performed during January 1, 1988, through June 30, 1988, to be a fair and reasonable ceiling amount. As required by FAR 50.203(b) (2), based on the discussion set forth in reference (b), the Board finds that other legal authority within the agency is inadequate to provide the relief sought by USC/ISI. It is therefore, appropriate to consider acting under FAR 50.302-3.

From the record, reference (a), it does not appear that there were any written or oral instructions from an officer or official with actual or apparent authority on which USC relied in good faith as set forth in the example in FAR 50.392-3. Even though this case does not fit precisely within the example cited in the FAR, the Board is not limited in its consideration to the example where it determines that the circumstances warrant action. In considering the facts as a whole, the Board finds that there was an informal commitment to USC that is appropriate to be formalized. In support, the record reflects that personnel were initially aware that USC/ISI was performing work under the proposed contract. Government personnel, however, took no action to suppress USC/ISI's efforts. On the contrary, USC/ISI was repeatedly led to believe that a contract would be formally executed when the necessary funds were received by ONR. In addition, government personnel encouraged USC/ICI to continue performing under the proposed contract by monitoring and thereby endorsing USC/ISI's research. Considerations of fairness thus require that USC's

request for relief not be rejected simply because the circumstances surrounding its performance are outside the example, as set forth in FAR 50.302-3.

The Board finds, as required by law, that at the time the commitment was made, it was impracticable to use standard procurement procedures (see FAR 50.203(d) (2)). One of the most important considerations in making this determination is any evidence or indication that the informal commitment was used as a matter of convenience to circumvent or evade procurement statutes and regulations. In such cases, Congress apparently believed that the benefit to the Government that would result from the formalization of the informal commitment would yield to the paramount interest of the Government in protecting public funds as manifested in the requirement that procurement be accomplished through normal procedures. Upon examining the facts, the Board finds that the evil of unchecked circumvention and deliberate evasion of procurement statutes and regulations does not exist in this instance.

**Decision.**—It is therefore the decision of the Board that the cognizant Contracting Officer of ONR be authorized to formalize this informal commitment in an amount not to exceed the amount requested of \$957,454. The Contracting Officer shall comply with Part 50 of FAR and DFARS, and the documentation required by these regulations shall be furnished to the Board. ONR shall verify that the amount authorized to be paid (\$949,603) to USC/ISI is within the ceiling amount and will submit a copy of the pre-award audit performed on USC/ISI with a copy of the contract to the Board. ONR will also obtain appropriate rights to the data developed in connection with the commitment authorized to be formalized.

Consequently, as required by FAR 50.203(b)(3) and 6(3), the Board concludes that granting this request will facilitate the national defense and that the relief granted is within the limits of the amounts appropriated.

#### U.S. Air Force Contingent liabilities

Provisions to indemnify contractors against liabilities because of claims for death, injury, or property damage arising from nuclear radiation, use of high energy propellants, or other risks not covered by the contractor's insurance program were included in six contracts; the potential cost of the liabilities can not be estimated since the liability to the Government, if any, will depend upon the occurrence of an incident as described in the indemnification clause. Items procured are generally those associated with nuclear-powered vessels, nuclear armed guided missiles, experimental work with nuclear energy, handling of explosives, or performance in hazardous areas.

Contractor	Number
Allied Signal, Inc .....	1
Boeing Aerospace Co .....	1
GA Technologies, Inc .....	1
Hercules Aerospace Co .....	1
Martin Marietta Astronautics Group, Space Launch Systems Co..	1
Cita Corp .....	1
<b>Total .....</b>	<b>6</b>

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from

the Speaker's table and referred as follows:

2758. A letter from the Director, Administration and Management, Office of the Secretary of Defense, transmitting the calendar year 1989 report entitled, "Extraordinary Contractual Actions to Facilitate the National Defense", pursuant to 50 U.S.C. 1434; to the Committee on Armed Services.

2759. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a copy of a proposed transaction to authorize a guarantee in the amount of \$143,535,902 loan on behalf of Arrendadora International, S.A. [AISA] to assist in financing exports to Mexico, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking, Finance and Urban Affairs.

2760. A letter from the Auditor, District of Columbia, transmitting a copy of the report entitled, "Annual Report on D.C. Depository for FY 1988 and 1989", pursuant to D.C. Code Sec. 47-117(d); to the Committee on the District of Columbia.

2761. A letter from the Secretary of Education, transmitting a copy of notice of final procedures for the Robert C. Byrd Honors Scholarship Program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

2762. A letter from the Secretary of Energy, transmitting the annual report of actions under the Powerplant and Industrial Fuel Use Act of 1978 during calendar year 1989, pursuant to 42 U.S.C. 8482; to the Committee on Energy and Commerce.

2763. A letter from the Secretary of Transportation, transmitting the 14th annual report on the Automotive Fuel Economy Program, pursuant to 15 U.S.C. 2002(a)(2); to the Committee on Energy and Commerce.

2764. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Department of the Navy's proposed letter(s) of offer and acceptance [LOA] to Korea for defense articles and services estimated to cost \$33 million (Transmittal No. 90-29), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

2765. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2766. A letter from the President and Chief Executive Officer, Overseas Private Investment Corporation, transmitting the annual report of the Corporation's activities and operations during fiscal year 1989, pursuant to 22 U.S.C. 2200a; to the Committee on Foreign Affairs.

2767. A letter from the Comptroller General, transmitting a report on the Environmental Protection Agency's consolidated financial statements for the fiscal years ended September 30, 1988 and 1987; reports on internal accounting controls and compliance with laws and regulations (GAO/AFMD-90-20; March 1990); to the Committee on Government Operations.

2768. A letter from the Chairman, Consumer Product Safety Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2769. A letter from the Assistant Secretary for Legislative Affairs, Department of

State, transmitting a report on its activities under the Freedom of Information Act for calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2770. A letter from the Freedom of Information Officer, Environmental Protection Agency, transmitting a report on its activities under the Freedom of Information Act for calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2771. A letter from the Secretary, Federal Trade Commission, transmitting a report on the Commission's activities under the Freedom of Information Act for calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2772. A letter from the Office of the Managing Director, Interstate Commerce Commission, transmitting the Commission's annual report of its activities under the Freedom of Information Act, calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2773. A letter from the Executive Director, Pension Benefit Guaranty Corporation, transmitting a report on its activities under the Freedom of Information Act during calendar year 1989, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2774. A letter from the Executive Secretary, Uniformed Services University of the Health Sciences, transmitting the annual report in compliance with the Government in the Sunshine Act for the period March 12, 1989 to March 11, 1990, pursuant to 5 U.S.C. 522b(j); to the Committee on Government Operations.

2775. A letter from the Deputy Director, Bureau of Land Management, Department of the Interior, transmitting notification of the proposed sale of approximately 7,500 acres of public land located in Clark County, NV, to the city of North Las Vegas for the purposes of community expansion and other public benefits, pursuant to 43 U.S.C. 1713(c); to the Committee on Interior and Insular Affairs.

2776. A letter from the Secretary of Interior, transmitting the first annual report, fiscal year 1989, of the Fish and Wildlife Service on the expenditures for the conservation of endangered or threatened species, pursuant to 16 U.S.C. 1544; to the Committee on Merchant Marine and Fisheries.

2777. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the fiscal years 1991 and 1992 for certain maritime programs of the Department of Transportation, and for other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Merchant Marine and Fisheries.

2778. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a revised list of projects to accompany the second report on construction authorizations which was submitted in January (Ex. Com. No. 2396), pursuant to 33 U.S.C. 579a; to the Committee on Public Works and Transportation.

2779. A letter from the Secretary of Transportation, transmitting a report on the feasibility of establishing flight corridors across the borders of the continental United States in support of drug interdiction, pursuant to Public Law 100-690, section 7213(b) (102 Stat. 4434); to the Committee on Public Works and Transportation.

2780. A letter from the Assistant Secretary of the Army (Civil Works), transmit-



ting a report from the Chief of Engineers, Department of the Army, on lower Saddle River, NJ, together with other pertinent reports (H. Doc. No. 101-159); to the Committee on Public Works and Transportation and ordered to be printed.

2781. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report from the Chief of Engineers, Department of the Army, on King Harbor, Redondo Beach, CA, together with other pertinent reports and comments (H. Doc. No. 101-160); to the Committee on Public Works and Transportation and ordered to be printed.

2782. A letter from the Under Secretary of Defense (Acquisition), transmitting the report on Department of Defense procurement from small and other business firms for the period October through December, 1989 (fiscal year 1990), pursuant to 15 U.S.C. 639(d); to the Committee on Small Business.

2783. A letter from the Director, Office of Technology Assessment, transmitting OTA's fifth special report on the Prospective Payment Assessment Commission, pursuant to 42 U.S.C. 1395ww(e)(6)(G)(i); to the Committee on Ways and Means.

2784. A letter from the Secretary of Commerce transmitting a draft of proposed legislation to amend the harmonized tariff schedule of the United States provisions implementing annex D of the Nairobi Protocol to the Florence Agreement on the Importation of Educational, Scientific, and Cultural Materials, and for other purposes; to the Committee on Ways and Means.

2785. A letter from the Secretary, Department of Health and Human Services, transmitting the Department's report on the establishment of an automated management information system for the Indian Health Service, pursuant to 25 U.S.C. 1662; jointly, to the Committees on Education and Labor and Interior and Insular Affairs.

2786. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of the termination of the designation of Panama as a danger pay location, pursuant to 5 U.S.C. 5928; jointly, to the Committee on Foreign Affairs and Post Office and Civil Service.

2787. A letter from the Director, Office of Technology Assessment, transmitting the third report on the activities and progress of the Physicians Payment Review Commission through February 1990, pursuant to 42 U.S.C. 1395w-1(c)(1)(D); jointly, to the Committees on Ways and Means and Energy and Commerce.

2788. A letter from the Assistant Secretary of State, Legislative Affairs, transmitting on behalf of the President, the annual report on the Panama Canal Treaties, fiscal year 1989, pursuant to 22 U.S.C. 3871; jointly, to the Committees on Foreign Affairs, the Judiciary, Merchant Marine and Fisheries, and Post Office and Civil Service.

2789. A letter from the Secretary of State, Legislative Affairs, transmitting a draft of proposed legislation to be cited as the "Democracy, Reconciliation, and Refugee Assistance Act of 1990"; pursuant to 31 U.S.C. 1110; jointly to the Committees on Banking, Finance and Urban Affairs; Foreign Affairs; Ways and Means; Armed Services; and Appropriations.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2566. A bill to direct the Secretary of the Interior to transfer all right, title, and interest of the United States in certain property on San Juan Island, Washington, to those persons who own such property because of an erroneous survey; with amendments (Rept. 101-423). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of South Dakota:

H.R. 4296. A bill to amend section 1503 of title 18, United States Code, relating to protecting officers and jurors from threats or force, to extend protections against threats to jurors after they have been discharged of their duties; to the Committee on the Judiciary.

H.R. 4297. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to authorize grants to States for boot camp projects to demonstrate innovative alternatives to the imprisonment of persons for nonviolent offenses and nonviolent drug-related offenses; to the Committee on the Judiciary.

H.R. 4298. A bill to amend the Federal Election Campaign Act of 1971 to provide for voluntary expenditure limitations and partial public financing for House of Representatives general elections, and for other purposes; jointly, to the Committees on House Administration and Ways and Means.

By Mr. NOWAK (for himself, Mr. DAVIS, Mr. JONES of North Carolina, and Mr. STUDDS):

H.R. 4299. A bill to authorize a study of the fishery resources of the Great Lakes, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. MORRISON of Connecticut:

H.R. 4300. A bill to amend the Immigration and Nationality Act to revise the system of admission of aliens on the basis of family reunification and to meet identified labor shortages, and for other purposes; to the Committee on the Judiciary.

By Mr. STARK:

H.R. 4301. A bill to amend the Internal Revenue Code of 1986 to increase the fuel economy standards used in determining the gas guzzler tax and to increase the rates of such tax; to the Committee on Ways and Means.

By Mr. VANDER JAGT:

H.R. 4302. A bill to suspend temporarily the duty on Pigment Blue 16; to the Committee on Ways and Means.

H.R. 4303. A bill to suspend temporarily the duty on Pigment Blue 60; to the Committee on Ways and Means.

H.R. 4304. A bill to extend until January 1, 1994, the existing temporary suspension of duty on sethoxydim; to the Committee on Ways and Means.

H.R. 4305. A bill to extend until January 1, 1994, the existing temporary suspension

of duty on 3-ethylamino-p-cresol; to the Committee on Ways and Means.

H.R. 4306. A bill to extend until January 1, 1994, the existing temporary suspension of duty on diamino imid SP; to the Committee on Ways and Means.

H.R. 4307. A bill to extend until January 1, 1994, the existing temporary suspension of duty on B-naphthol; to the Committee on Ways and Means.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

330. By the SPEAKER: Memorial of the Legislature of the State of Washington, relative to earthquake preparedness; to the Committee on Banking, Finance and Urban Affairs.

331. Also, memorial of the Legislature of the State of Washington, relative to AMTRAK holding tanks on its trains; to the Committee on Energy and Commerce.

332. Also, memorial of the Legislature of the State of Washington, relative to prisoners of war; to the Committee on Government Operations.

333. Also, memorial of the Legislature of the State of Washington, relative to the taxation of pension income; to the Committee on the Judiciary.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 55: Mr. HENRY, Mr. DREIER of California, and Mr. CONDIT.

H.R. 239: Mr. PASHAYAN.

H.R. 446: Mr. WILLIAMS and Mr. SHUMWAY.

H.R. 930: Mr. SIKORSKI.

H.R. 1136: Mr. WYDEN, Mr. TRAXLER, and Mr. SABO.

H.R. 1180: Mr. BRENNAN.

H.R. 1767: Mr. FALCOMA-VAEGA.

H.R. 2033: Mr. CRANE.

H.R. 2121: Mr. CARPER.

H.R. 2353: Mr. HENRY.

H.R. 2406: Mr. GEREN.

H.R. 2714: Mr. HENRY, Mr. ROWLAND of Connecticut, and Mr. TRAXLER.

H.R. 3037: Mr. BRENNAN.

H.R. 3240: Mr. KILDEE, Mr. BRUCE, Mr. AKAKA, Mr. LEWIS of Georgia, Ms. OAKAR, Mr. MARKEY, Mrs. BOGGS, Mr. DE LUGO, Mr. COSTELLO, Mr. HOYER, Mr. DELLUMS, Mr. CAMPBELL of Colorado, Mr. BONIOR, Mr. CONTE, Mr. MATSUI, Mr. FORD of Tennessee, and Mr. SAWYER.

H.R. 3512: Mr. ENGLISH and Mr. SABO.

H.R. 3625: Mr. HEFNER, Mr. STARK, Mr. HARRIS, Mr. ENGEL, Mr. COLEMAN of Texas, Mr. SHARP, Ms. SNOWE, Mr. ERDREICH, Mrs. PATTERSON, Mr. GEKAS, Mr. HANCOCK, Mrs. ROUKEMA, Mr. MOORHEAD, Mr. DORNAN of California, Mr. MCCOLLUM, Mr. STOKES, Mr. SKEEN, Mr. SPENCE, Mr. ARCHER, Mr. HALL of Texas, Mr. STANGELAND, Mr. KYL, Mr. MYERS of Indiana, Mr. HEFLEY, Mr. SCHAEFER, Mr. ROBINSON, Mrs. BENTLEY, Mr. SCHIFF, Mr. ROTH, Mr. SAXTON, Mr. BAL-LENGER, Mr. COBLE, Mr. SLAUGHTER of Virginia, Mr. RHODES, Mr. DOWNEY, Mr. BUECHNER, Mr. OWENS of New York, Mr. WAXMAN, Mr. AKAKA, Mr. SMITH of Texas, Mrs. LOWEY of New York, Mr. SCHUMER, Mr. MICHEL, Mr. MINETA, Mr. FROST, Mr. BONIOR, Mr. BORSKI, Mr. COSTELLO, Mr. CROCKETT, Mr.





## EXTENSIONS OF REMARKS

CONGRESSIONAL VIEWS OF  
EUROPE—1992

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. HAMILTON. Mr. Speaker, I would like to draw the attention of my colleagues to remarks I delivered on March 5, 1990, to a Conference on Science and Technology and the 1992 European Market Integration sponsored by the National Academy of Sciences Academy Industry Program.

This speech discusses the European Community [EC] and developments leading up to 1992 and the creation of a single market economy. In these changing times, the European Community has taken on greater weight and importance as an international economic and political player. I believe that congressional views on the Community are in a process of transition and that, as an institution, the Congress has become more interested in the European Community.

My remarks follow:

## CONGRESSIONAL VIEWS OF EUROPE—1992

(By Lee H. Hamilton)

## I. INTRODUCTION

A. U.S. Policy Toward the European  
Community

The long-standing policy of the United States is that an integrated Europe is a more prosperous Europe and a stronger security partner.

With this in mind, the United States has strongly supported the idea of European integration from the very beginning, since the 1957 Treaty of Rome.

Trade disputes such as "chicken wars" and "pasta wars" have irritated U.S.-EC relations for the past 25 years.

But the U.S. and Europe have until now always prevented these disputes from interfering with our greater commitment to shared political and security goals.

## B. Europe—1992

Congress' perspective on the European Community revolves around trade issues. The key issues for Members of Congress concern U.S. exports, the trade deficit, and the future of U.S. competitiveness.

When the Single European Market was agreed upon in 1986, the reaction initially in the Congress was a big yawn. Why?—for two reasons:

First, Congress pays attention to the "hot spots" in the world. Places like Nicaragua and El Salvador at that time were far more important to Members than Brussels, Bonn or Madrid. European integration was simply not a question on the agenda.

Second, because of the enormous internal disputes in the EC about the budget and agricultural subsidies, Members frankly doubted at the time whether Europe would make progress on the 1992 plan.

The subsequent pace and intensity of EC integration caught everyone, including the

Europeans, by surprise. Beginning in 1987, Members of Congress heard constituents and lower-level officials complain that 1992 would hurt U.S. access to European markets.

This crescendo of concern grew through 1988 and early 1989, and became expressed in the phrase "Fortress Europe." The fears of constituents that EC-'92 was protectionist, exclusionary, and discriminatory came through loud and clear.

In 1989 the rising cry caught the attention of high-level U.S. officials, including Secretaries Baker and Mosbacher. The United States made its view clear that the 1992 project should be an initiative to open markets and expand free trade, not to close markets. The EC and the U.S. began an intense dialogue on these questions.

Today, there is an acceptance in the Congress that Europe-'92 will take place. Members' fears have been partially addressed. They no longer assume that EC-'92 means protectionism. But they will want to look carefully at the development of the nearly 300 EC directives guiding the 1992 process, of which more than half already have been adopted. Access by American high technology firms will be particularly important. For now, the overall attitude in Congress remains one of caution, and wariness.

## II. LARGER CONCERNS

Today, Congressional attention is focussed on the European continent for the first time in recent memory. Members of Congress are watching developments in Europe to see how they will affect the United States and the post-war world as we have known it.

First, we realize that the EC is becoming an increasingly important institution and its power will only grow as 1992 draws near.

The EC will play a key role in the new European order. In addition to promoting the process of economic integration, the EC will serve as an all-important anchor in the West for a new unified Germany. It will be a central action in coordinating Western policies toward the newly-emerging democracies in Eastern Europe and toward a reforming Soviet Union.

Closer EC coordination in the political and security areas presents a challenge for the U.S. Increasingly, the Europeans are consulting among themselves on matters previously left to NATO. In many respects, this process has short-circuited trans-Atlantic cooperation. The U.S. is being brought into key decisions now after the Europeans have decided among themselves what course they will take.

This trend away from NATO coordination is likely to be exacerbated in the current transition to a new security regime in Europe. The nature of this new regime is still uncertain. It may be based on the Conference on Security and Cooperation in Europe (CSCE) process, also known as the Helsinki process. It is important that the U.S. take steps to guarantee its role in whatever new security framework emerges.

Second, we recognize that European integration can be a potentially positive-sum game with advantages for the U.S. and for American businessmen.

By removing existing barriers to the movement of goods, capital, technology, and labor between the 12 EC member-states, Europe-'92 should lead to new investment, more jobs and faster growth throughout the EC. In fact, high expectations for 1992 have already produced an investment-led economic boom in the EC.

As the Community's largest trading partner, the U.S. stands to benefit from this process, too. With 320 million consumers, a unified EC will have the largest single market in the world. If you include the rest of Europe, we are talking about a "European economic space" of some 500 million generally middle-income and well-educated consumers with a total economic output of \$6 trillion—twice that of Japan and the four Asian tigers (South Korea, Hong Kong, Singapore and Taiwan) combined. The likely investment surge should benefit a capital goods exporter like the U.S.

In addition to greater trade opportunities European integration holds out the promise of new technology for U.S. firms to acquire. The EC is committed to a strong program of technology development and collaborative R&D. These efforts, combined with corporate R&D performance by European firms fortified with such a strong domestic market, should enrich the international storehouse of technology on which all of us can draw.

Third, there is a growing uneasiness in the Congress that the U.S. is being left behind in Eastern Europe. The West Europeans, led by the Federal Republic of Germany, are moving aggressively to take the initiative in Eastern Europe.

German, French, Italian, and British businessmen and bankers, building on historic ties between their countries and the East, are pursuing joint ventures and extending new credits in East Germany, Hungary, and Czechoslovakia. The perception is that U.S. firms have been slow to follow and that the U.S. has lagged behind its European allies in offering trade and investment incentives to companies interested in doing business in the East.

This view has been reinforced by the new French initiative to create a European Bank for Reconstruction and Development (EBRD) for Eastern Europe, with EC majority interest. While the charter of this bank has not been finalized, there is concern that U.S. interests will not be taken into account and that the EC will control policy.

Fourth, we are focusing attention on the impact of German reunification on the European Community and the EC-92 program.

There is some danger that Bonn's new focus on the East will slow the pace of European integration. Such a development would not be in the U.S. interest. European integration must keep pace with the process of German unification. In recent weeks, this has become a tall order, because of the accelerating pace of change in the Germanies. We are already beginning to see the jitters that German unity can give its neighbors. Unity within an integrated EC will be a key to future stability in Europe.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Some EC officials have expressed optimism that the decision to move forward with a common currency between the two Germanies will actually boost the EC drive for European Monetary Union, rather than slow it down, as many fear. EC officials hope that by displaying how it can be done, German monetary integration will silence the critics of EMU.

*Fifth*, we note the issue of the future depth and breadth of the European Community and the importance to the U.S. of how this question is resolved.

As the major economic force on the continent, Brussels will serve as a magnet for other countries on the continent interested in trade. The neutral countries, EFTA, and the emerging democracies in the East are already setting their domestic economic agendas to Brussels' tune. Austria and Turkey have applications for EC membership pending, and Hungary, Czechoslovakia and Poland are likely to be close behind.

The European Community has not yet decided how it will proceed on these applications. For the time being Brussels has said there will be no more expansion until after 1992. But, the pressure to open its doors to new members will only build in the coming months and years.

How the EC acts will determine the future nature of the Community. Further enlargement is likely to limit political integration and security cooperation within the Community.

*Sixth*, we are aware that the new developments in Europe are shifting U.S. relationships with our European allies.

There is a growing recognition within the administration of the need to work more closely with Brussels on political, as well as economic, matters. In addition, the pace of developments in Germany has increased the urgency of close U.S. cooperation with Bonn.

In contrast, Prime Minister Thatcher's opposition to European Monetary Union and her more reticent position on German unification has set her apart from her European allies. It is too early to predict what the implications of this trend will be for the future of the Anglo-American "special relationship".

### III. SPECIFIC CONCERNS

#### A. EC policy

While knowledge of the EC and opinions about it vary, most of us on Capitol Hill have genuine concerns about the impact Europe '92 will have on American firms.

Specifically, what have been our concerns? Let me give you a flavor:

The EC's standards-setting process does not allow sufficient participation by U.S. exporters. For example, the EC mandated a battery cable standard for forklift trucks to which only European manufactured cables were able to conform.

Government procurement rules favor EC products and services in certain sectors. As a result, U.S. exporters of telecommunication and electrical equipment cannot sell to European governments.

Local content requirements may result in American movies and television programs being taken off the air, to reserve programming time for "European works."

Approval to market biotechnology products may involve a "fourth hurdle," in addition to the normal criteria of safety, efficacy and quality. This fourth hurdle would take into account whether the product would cause economic harm to segments of European society, such as small farmers,

that have received special concessions from national governments.

The EC has recently tightened its guidelines for suspending tariffs on pharmaceuticals and electronics products. The guidelines appear to discriminate against a U.S.-made product if the firm's EC subsidiary could produce it.

To many Members of Congress, these practices appear to add up to fairly strong encouragement that U.S. firms manufacture in Europe.

Congress is less worried about large American multinationals. Most Members believe that the giants of American industry are well-positioned to benefit from a single market. But we are concerned that exporters—particularly, small and medium-sized firms—could be hurt by a change in the rules. Until their access to EC markets and technology is assured, Congress will remain skeptical.

The Case of Semiconductors: Let me focus on one particular industry—semiconductors—to illustrate Congress' apprehension. I'm not an expert on electronics, but here is my understanding of what has happened:

In February 1989, the EC approved a regulation that drastically altered the rules for determining the origin of semiconductors. That change, combined with the EC's implementation of recent anti-dumping settlements against Japanese electronics producers, mean the following: Chips fabricated in the U.S. but tested and assembled in Europe, no longer receive favorable treatment. As a result, EC-based firms are pressuring their U.S. chip suppliers to manufacture in Europe or, worse, are switching to European suppliers altogether.

Electronics industry representatives tell me the use of anti-dumping regulations will become increasingly important, as the 1992 deadline approaches for abolishing national quotas and voluntary export restraints.

There are other problems for semiconductors: A 1989 change in the rules that will reduce the ability of member countries to suspend tariffs on semiconductors promises to leave higher walls around the market for semiconductors after 1992.

Also, let me mention the flow of public subsidies to joint research and development activities in information technology and electronics, including semiconductors. Projects such as ESPRIT and JESSI are highly commendable, as a way to overcome the inability of private firms to capture the full benefits of R&D. I believe the U.S. should itself be doing more to promote cooperative R&D in civilian technology. But subsidies to R&D can be problematic, when used as a means of selectively helping national firms in world markets—that is, as an alternative to production subsidies, which are illegal under GATT.

One way to avoid that problem is through reciprocal access to R&D—that is, by permitting firms from other countries to join one's own subsidized R&D programs in exchange for comparable access by the other country. This represents a departure from current practice in both the U.S. and EC, and there are obstacles to implementing it. Nevertheless it is an idea worth exploring in the name of creating a more open international trading system, from which we all would gain.

#### B. U.S. policy toward the EC

Congress is also concerned about U.S. policy toward the EC. The sweeping changes in Eastern Europe as well as the EC have underscored the need to update our own government's policies and priorities for

a world in which economic strength is increasingly more important to our nation's security than military strength.

1. *Insufficient resources*: We are concerned about the inadequacy of resources assigned to EC-92.

The U.S. Trade Representative has only one person assigned to the U.S. Mission to the EC in Brussels; the Treasury and Commerce Departments have no one. Last spring, the Commerce Department asked permission to assign three Foreign Commercial Service officers to the mission in Brussels, but it took many months for the mission—which is dominated by State Department personnel—to agree, and the three officers are still not in place.

Because of this staff structure, we rely heavily on U.S. multinational companies for economic intelligence and information. Their information is obviously important, but the private interests of U.S. multinationals may diverge from U.S. national economic interests, including the interests of U.S.-based exporters. IBM Europe is arguably as much a European company as an American company, which is as it should be.

B. *Who's in charge?* Insufficient resources is not the only problem with our trade policy. We suffer from a common Washington problem: On any given issue, it's often not clear who's in charge.

Fragmentation of executive authority leads to turf battles. Different agencies, each with its own valid mission, invariably clash, and the internal conflicts sap our strength for the trade fight going on outside. Why did it take the Commerce Department six months to get approval to place three foreign commercial service officers in Brussels? I suspect that the State Department resisted sharing its authority toward the EC. As industry's watchdog, the Commerce Department clearly has a different view—and a more critical view—of EC-92 than the State Department.

This tension between departments may be unavoidable and even healthy. But, it reflects the lack of overall direction from the Bush Administration concerning Europe-92. U.S. government actions to promote trade and investment in the EC have proceeded on one track, led by the U.S. Trade Representative, while our government's political dealings with the EC have proceeded on another track, led by the State Department. Various interagency groups are at work to coordinate one track or the other, but no single cabinet member has responsibility for both.

Among other problems, that results in a lack of accountability. Those of us in Congress don't know whom to call on EC policy. Industry officials, perhaps more than Members of Congress, have been frustrated by this problem.

C. *Military security vs. economic security*: Finally, we are concerned with the dominance of military interests over economic interests. In the case of EC-92, many Members are concerned that the U.S. is not getting the leverage it should from the Memoranda of Understanding (MOU's) that the Department of Defense maintains with European nations. Although these MOU's are the major bargaining chip we have in the EC-92 negotiations, DOD has been unwilling to let our U.S. Trade Representative use them as a bargaining tool.

Military interests often dominate economic interests. Federal support for advanced technology development goes largely for defense technology. That approach—which relies on defense spinoffs to civilian technol-



ogy—worked well during the 1950s and 1960s. It no longer does. Military technologies have grown steadily more specialized, and the defense sector more isolated from the rest of the economy. The direction of influence has even been reversed in many areas, where military applications now depend on advances in civilian technologies. Despite that, the U.S. continues to spend a far smaller percentage of its GNP on civilian R&D than West Germany or Japan. Historically, the U.N. ratio of defense to civilian R&D was 50:50. In the 1980s, that ratio became 70 percent defense, 30 percent civilian.

In Europe, the ESPRIT and EUREKA programs provide EC support for civilian technology development. In this country, there is a great debate over such support. Under the policy of the Bush Administration, we do not support advanced civilian technology development unless there is a clear national security rationale. Just what constitutes "national security" is not entirely clear from Administration actions, however. DOD recently funded R&D efforts on food processing and apparel.

#### V. CONCLUSION

Congress is watching EC-'92 developments carefully, and Members are—in a word—concerned. Despite assurances from the Administration that negotiations are moving in the right direction, Members are frustrated about specific developments.

My own view is that, on the whole, the United States has benefited from the past expansion of the European Community. These benefits have not been automatic, however. We were vigilant in the mid-1970s, and again in 1981, and our vigilance was met with success in the form of trade barriers lower than they otherwise would have been. We need to approach Europe-'92 with the same vigilance.

### REMEMBERING BLOODY SUNDAY

#### HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. EDWARDS of California. Mr. Speaker, 25 years ago the President Lyndon Johnson's Justice Department sent a young Civil Rights Division lawyer to Montgomery, AL, to conduct a grand jury investigation of the events of "Bloody Sunday."

The young man was James P. Turner who most recently has been Acting Assistant Attorney General, Civil Rights Division. On March 10 of this year he attended in Montgomery the celebration commemorating "Bloody Sunday." His moving remarks at the ceremony are set forth below:

REMARKS OF JAMES P. TURNER, ACTING ASSISTANT ATTORNEY GENERAL, CIVIL RIGHTS DIVISION, U.S. DEPARTMENT OF JUSTICE

On behalf of President Bush and Attorney General Thornburgh, I commend the SCLC and the organizers of this event. More personally, as one whose professional life was energized 25 years ago by the events we celebrate today, I thank you for the rare honor and privilege of participating in this celebration. As you heard in the introduction, I have been continuously in the business of enforcing civil rights laws since the days 25 years ago when I was sent here by the Justice Department to conduct a grand jury in-

vestigation of the events of bloody Sunday and to serve on the team of federal prosecutors that finally brought to justice the klansmen who murdered Viola Liuzzo—a Detroit woman who was gunned down on Route 80 after the Selma march.

In 1965, black people in this State lived at the lowest level of a pervasive caste system—invisible to the law and unacceptable to society. The Civil Rights movement—the idea whose time had come—eliminated that system forever.

Within months of the Montgomery March President Johnson signed the Voting Rights Act, the strongest civil rights bill ever conceived in this country. In Alabama alone, black registration increased from about 92,000 in 1964 to nearly a quarter of a million in 1967. Nationwide, the number of black elected officials has leaped from 103 in 1964 to 7226 today. In Alabama, there were no black elected officials in either the Alabama House or the Alabama Senate at the time of the Voting Rights Act. Today, there are five black state senators and eighteen black house members. After the census counts in 1970 and 1980, hundreds of units of state and local governments across the South were reconstituted, but on these occasions the Voting Rights Act required that every single plan be inspected for racial fairness by the Justice Department's Civil Rights Division. For example, we found that one Congressional district in Atlanta was drawn to minimize the chance that a black congressman could be elected. We required the lines to be drawn fairly and in 1972 that district elected Andrew Young and today it is served by none other than John Lewis—whom I first met as one of the leaders of the bloody Sunday march.

And, under other provisions of the Act, unfair voting systems may now be challenged in federal court. For example, we are today completing a trial in Los Angeles, California where we contend that a county of seven million people has been divided purposefully into five election districts in a way that fragments two million Hispanic residents to prevent their representation. In Selma, where it all began, after ten years of contested litigation, the Department of Justice was finally able to get a fair districting plan in place and just last year I had the honor of attending the swearing-in of three new black members of the five-person Dallas County Commission—a swearing-in conducted by Alabama's first black federal district Judge, U.W. Clemon.

So I want to join with you today in celebrating the monumental events which led to these historic changes in American life. They happened, of course, because of the exercise of the rejuvenating right to petition for redress of grievances contained in our Constitution and enforced by our courts. The rights of all Americans were enhanced when the marchers crossed the Pettus Bridge to expose the oppression of Selma and begin a quest for justice in Montgomery and beyond. But such events also happened because of the inspired vision of Dr. King and the others who literally devoted their lives to exercising the power of freedom. In one of his finest moments, Dr. King stood in this historic spot in March of 1965 and declared to the world:

"They told us we wouldn't get here. And there were those who said that we would only get here over their dead bodies. But all the world today knows that we are here, that we are standing before the forces of power in the state of Alabama, saying 'We ain't goin' let nobody turn us around.'"

And, that is truly a story that deserves the telling, and the retelling, lest anyone forget that it is the miracle of freedom that its power grows strongest when it is threatened most.

The cause of racial justice was pushed—firmly but peacefully. The tactics were as straightforward as a simple plea for fairness: truth was preached in the churches; oppression was demonstrated in the streets; justice was practiced in the courts. And with a grace that was truly amazing, an entire nation peacefully healed itself.

I like to think that the spirit of the Montgomery March is the true spirit of democracy; that the ideas unleashed 25 years ago here in Alabama surfaced again in Tiananmen Square; that the march of ideas that started here are now reverberating in Johannesburg and Prague; and that the first cracks in the Berlin Wall had their seismic origins in Selma, Alabama in 1965.

But such claims are perhaps too grandiose. Let me settle for the thought that the events we celebrate today should inspire all of us to have a higher faith in America.

For my part, I renew to you my personal promise, and the firm commitment of the Justice Department, that the civil rights laws of this great country will be vigorously enforced. To ensure that the precious gains of black voters are not lost in post-1990 redistricting, we will faithfully review every new district formed after next month's national census to ensure full compliance with the Voting Rights Act. With the FBI, we will relentlessly search for the killers of Judge Vance and civil rights attorney Robert E. Robinson. We will bring those responsible to justice.

Today, we join together not so much to celebrate the successful completion of a chapter of national life, as to renew the overarching commitment to equal justice under law. We know that this goal has yet to be realized, but I hope that each of us leaves here with a revitalized determination to continue to work for the dream of justice and racial understanding envisioned by the marchers from Selma.

### TRIBUTE TO BILL "DUTCH" SHULTZ

#### HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. LANTOS. Mr. Speaker, I invite my colleagues in the House of Representatives to join me in paying tribute to Bill "Dutch" Shultz who passed away this past December. The news caught many of us in California by surprise—his departure was sudden and unexpected.

He was an unfailing gentleman and a loyal friend to many. Dutch Shultz leaves behind a legion of admirers, including countless birds which benefited from his generosity. It is safe to say that the ducks along Half Moon Bay's golf links will never find so great and steady a source of bread scraps.

Dutch will be remembered by many of us for his passionate devotion to literature and language as well. He always made sure that his children and grandchildren—and often his grown friends—used proper grammar.

He is survived by his greatest and most devoted admirer, his wife Carole, and children and grandchildren whom he loved dearly and who were an integral part of his life. We will all miss this white haired gentleman who managed to brighten our days.

In this time of wide, but often shallow and ephemeral friendships, it is important to remind ourselves of the special place in which we hold good friends, and to encourage others, especially the young, as Dutch did, to practice the art of caring.

## A CREATIVE APPROACH TO ACHIEVE ENVIRONMENTAL GOALS

### HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. STARK. Mr. Speaker, the Ways and Means Committee has been holding hearings to discuss how the Tax Code can be used to implement long-term strategies to protect the environment. These are far-sighted hearings. I believe that the Tax Code can be an effective tool to implement critical environmental goals. Pollution will be forced to pay its true societal costs.

An excellent presentation was made by the World Resources Institute on just how effective and important environmental taxes can be. I would like to quote from their conclusion:

Most taxes have the potential to distort economic choices. Environmental taxes are quite different. As long as care is given to setting the right tax level, taxes based on environmental degradation offer the potential of redirecting our economy to a more efficient allocation of resources as well as generating significant revenues. It makes little sense to raise the cost of good things in the economy while other components of the domestic economy remain underpriced. While it would be misleading to understate the implementation issues surrounding various environmental taxes or their distributional implications, the huge benefits from a more rational tax system puts a high value on finding the right solutions to these potential problems.

Mr. Speaker, we are going to have to change the way we account for pollution in our economy. However, pollution taxes offer an exciting opportunity for us to reduce the Federal deficit, make our economy lean and mean, and improve our balance of trade. I would like to include the entire statement in the RECORD:

#### USE OF THE FEDERAL TAX SYSTEM TO IMPROVE THE ENVIRONMENT

(By Roger Dower and Robert Repetto, Directors of Research in Energy Policy and Economics, World Resources Institute)

#### INTRODUCTION

It is widely recognized that our current U.S. tax system involves significant efficiency losses to the economy. Taxes that fall on labor earnings discourage labor force participation. Taxes that fall on capital earnings discourage savings and investment. Hard work and thrift, traditional American virtues, are penalized by taxes. Over time, lower rates of savings and labor force participation reduce income and economic

growth significantly. Variations in effective tax rates also distort the allocation of investment and effort among sectors.

Of course, purely lump-sum taxes are impossible, and actual tax systems all result in some economic excess burdens. Even so, the size of aggregate economic losses from tax-induced distortions is a matter of concern. The total efficiency cost of the U.S. tax system has been estimated to be between 4 and 7 percent of GNP.<sup>1</sup> In current dollars, this amounts to about 200 and 350 billion dollars per year. Most of these losses are attributable to personal and corporate income taxes.

At the margin, the efficiency costs of raising additional revenues from incentive-distorting taxes is even steeper. Estimates place the efficiency loss from marginal increases in tax revenues from the present system at 15 to 45 cents for each extra dollar collected. Reducing these burdens has motivated previous and ongoing efforts to simplify and reform the tax code.

Today's hearing, on the possibility of using the tax code to protect the environment, is a further step toward reducing the economic burden of the tax system. Inevitably, taxes have incentive as well as revenue effects. Using taxes to discourage polluting activities, which generate economic losses through environmental degradation, can improve economic efficiency. Pollution taxes and charges can help correct the well-known failure of markets to reflect pollution damages fully in the costs and profit-loss calculations of the polluting firm or household.

Shifting the tax base so that taxes fall less heavily on savings and work, and more heavily on environmentally damaging activities, pays double dividends in economic efficiency. Every dollar taken off the personal or business income tax pays a 15 to 45 percent dividend in increased economic welfare. If the tax loss is made good by a dollar levied on polluting activities, there is a further dividend in the form of reduced environmental damages and regulatory costs.

This additional dividend is by no means negligible. The United States currently spends about 100 billion dollars, 2 percent of GNP, on pollution abatement, waste disposal, and environmental regulation. It is widely conceded that the current "command-and-control" regulatory system is administratively burdensome on both industry and government, and results in an inefficient distribution of abatement responsibilities among pollution sources. In addition, it is ineffectual in coping with the innumerable "non-point" discharges by households and small enterprises that form an increasing fraction of all pollution.

Despite these expenses, environmental degradation from the remaining emissions impose economic costs estimated at from 30 to 100 billion dollars per year, 0.7 to 2.0 percent of GNP, about equally split between health and other damages. These estimates do not include potential future losses from climate change and other large-scale atmospheric disturbances linked to emissions from fossil fuels and industrial processes.

Compared to current regulatory approaches, taxes on environmentally damaging activities can stimulate far-ranging changes in consumer behavior, product designs and industrial processes. More importantly in the long run, these economic instruments provide more effective incentives for waste-reducing technological changes

than do command-and-control regulations. The breadth of environmental pressures requires these broad and continuous technological responses.

In the past, environmental taxes have been viewed with suspicion by both business and environmental interests. While generally in favor of the flexibility offered by such economic approaches to environmental management, industry has objected to the extra cost of charges levied on emissions that fall within established environmental standards. Applying environmental taxes in a revenue-neutral way, reducing other business taxes commensurately, addresses this concern.

Some environmental groups have resisted the implication that polluters can "buy off" their responsibilities for environmental clean-up by paying a tax. However, that perspective is changing in the face of widespread risks to the global environment that require abatement action on a broad front. The concept of "sustainable development" rests on the idea that economic progress can be reconciled with environmental protection if, and only if, the need for resource efficiency and environmental protection are fully integrated into the decisions of producers and consumers throughout the economy. Environmental taxes are a key component of a sustainable future whether the revenues are used to reduce the deficit, fund new programs, or offset less desirable federal taxes.

#### ENVIRONMENTAL TAXES AND ECONOMIC CONSIDERATIONS

There is a wide range of environmental problems that could be addressed through the appropriate use of environmental taxes. For example, the Congressional Budget Office (CBO) provides revenue estimates for air pollution and water pollution tax options. In general, these problems, may fall into one of two classes. The first set of environmental targets are those pollutants that are already subject to some form of regulation at the federal, state or local level. For these environmental taxes might be viewed as substituting for current command and control regulatory strategies or supplementing those strategies and reinforcing the economic incentive to reduce pollution. The size of the tax and its revenue potential are, of course, a function of which view is adopted. A second class of environmental target might be those pollutants for which no regulatory program is in place. The CBO analysis of a carbon tax option to limit CO<sub>2</sub> emissions is an example of the latter.

Environmental taxes addressing either type of pollution situation can provide important economic benefits. In addition, they share important common issues in their design and implementation that bear on the range of economic outcomes with which they may be associated. The remainder of this testimony highlights some of those issues and provides illustrations in terms of a carbon tax. Taxing carbon as a means of reducing the risks of global warming offers a special opportunity for a "cleaner" application of environmental taxes in that it is not currently regulated. On the other hand, it also raises most of the economic issues relevant to other environmental taxes.

The U.S. would not be the first country to consider a carbon tax. Carbon taxes are being explored by several other countries as a way of reducing CO<sub>2</sub> emissions and raise revenues. In fact, the Netherlands and Finland have carbon taxes in place. While the tax rate being employed so far are relatively

<sup>1</sup>Footnotes at end of article.



small, they are in addition to already fairly high energy taxes. For example, the Netherlands carbon tax is designed to raise around \$75 million with coal being taxed at \$1.30 per ton and gasoline at roughly 13 cents per 100 liter. The carbon charge in Finland is set at \$5 per ton of carbon.

#### *The case for a carbon tax*

The combustion of fossil fuel to power our homes, businesses, cars, and trucks results in the discharge of a wide array of pollutants into our environment. While several of the pollutants from the burning of fossil fuels are regulated by federal, state and local governments (most notably, SO<sub>2</sub>, volatile organic compounds, particulate and NO<sub>x</sub>), one major pollutant, carbon dioxide (CO<sub>2</sub>), remains unconstrained. Carbon dioxide may offer an unique and important basis for an environmental tax.

CO<sub>2</sub> is not a conventional pollutant in the sense of being associated with immediate effects on health and the environment. It is, however, a greenhouse gas and one of the major contributors to the risk of accelerated global warming. While many would argue over the timing and degree of risk posed by global warming, there is an apparent consensus in the scientific community that a global temperature rise of 1.5-4.5 degrees Fahrenheit is likely to be associated with a doubling of the global atmospheric concentration of CO<sub>2</sub>. An effective doubling of CO<sub>2</sub> could occur as early as 2030. The potential economic, social and environmental disruptions associated with global warming on this scale are also uncertain but may include:

Rapidly changing climate patterns rather than the relatively stable climates of the past millennia;

New and changing water resource regimes; More vulnerable and uncertain agricultural production systems;

Smaller and less numerous ecosystems;

Rising sea levels; and

Increased risk of large scale environmental losses from positive feedback effects.

A tax levied on fossil fuels in relation to their carbon content (and thus contribution to CO<sub>2</sub> emissions) is one mechanism for reducing CO<sub>2</sub> emissions. A "carbon tax" would change the prices of fossil fuels (natural gas, coal and oil) relative to each other and to other sources of energy. While a "carbon tax" would have significant revenue raising potential, the economic rationale for the tax would be to ensure that prices of fossil fuels reflect the economic and environmental risks associated with combustion. Thus, a carbon tax should be viewed first and foremost as a tool for redressing an existing market failure—that current energy prices do not fully account for the social costs of energy consumption.

The Congressional Budget Office, in its analysis of options for reducing the deficit, has outlined some of the basic design characteristics of a carbon tax that might be considered.<sup>2</sup> The tax should be levied on fossil fuels as they enter the economy at the mine, dock and wellhead. This ensures that the tax base is relatively broad, and will capture virtually all sectors of the economy that consume fossil fuels. It also removes the need to decide in advance which sources of CO<sub>2</sub> should be controlled and at what level. The price signals resulting from the tax will make those determinations so that the reductions are achieved the cheapest way possible.

#### *The "right" level of environmental taxes*

The level at which environmental taxes should be set is relatively straight forward.

Ideally, one would estimate the expected value of future risks associated with the discharge into the environment of an additional unit of pollution. For most pollutants, however, including CO<sub>2</sub>, this information is not yet available and reliable. Without quantitative information, for example, on the benefits of reduced global warming risks, it is difficult to estimate with precision the degree to which fossil fuel prices are currently understated. The tax rates used by CBO to evaluate a carbon tax option, on the other hand, are based on estimated level necessary to level off or actually reduce CO<sub>2</sub> emissions over a 10 year period. CBO's "stabilization tax" rate is around \$28 per ton of carbon and can be equated to a tax of \$17 on a ton of coal, \$3.60 on a barrel of oil and \$0.45 per thousand cubic feet of natural gas. The potential emission reductions from this tax might be consistent with the announced White House position to "stabilize CO<sub>2</sub> emission as soon as possible." The carbon tax rate can always be raised or lowered as additional information concerning the benefits and costs of CO<sub>2</sub> emission reductions is developed.

The problem of having little formal data on the degree to which market prices diverge from social prices is not unique to greenhouse warming. The lack of similar information for most other current environmental problems complicates, but does not stop the development of programs to reduce those risks. Further, many types of excise taxes are rationalized, in part, as raising the price of certain goods to reflect the social costs associated with their consumption. Federal and state "sin" taxes (on alcohol or tobacco, for example) are rarely estimated, for example, on the basis of a formal accounting of the social costs and benefits of reducing the use of the taxed product.

#### *The economic benefits of environmental taxes*

Environmental taxes offer several distinct advantages over other tax strategies and other methods for addressing environmental risks. A hypothetical carbon tax illustrates the range of these benefits. Although a full economic analysis of carbon taxes has not yet been completed or published, the CBO discussion of alternative tax options and past analyses of various energy taxes offers some insights to comparative benefits of a carbon tax as a revenue source and a greenhouse warming policy response.

**Revenues.**—Unlike other regulatory-based measures to reduce CO<sub>2</sub> emissions (or other pollutants), a carbon tax would raise significant revenues. According to CBO, a CO<sub>2</sub> stabilization tax might generate around \$163 billion over a five year period. These revenues could play key roles, for example, in reducing the federal budget deficit, in reducing any distribution burdens imposed by a carbon tax, or providing the funds to sponsor research and development on technologies affecting the demand and supply for energy. While the process by which any carbon tax revenues are allocated should not necessarily be different than for other federal revenues, the existence of revenue potential does offer important economic policy opportunities. This is particularly true if carbon taxes are viewed as just one part of a larger effort to rationalize domestic energy use and minimize economic and social disruptions.

**Cost-Effective Emission Reductions.**—The market for fossil fuels and fossil fuel energy sources cuts across virtually every economic sector of the U.S. economy. Each of the various uses of fossil fuels offers different op-

portunities for reducing the amount or type of fossil fuels utilized. Each of the opportunities is likely to have different control costs. It would be nearly impossible to select the cheapest or most cost-effective set of regulations or control requirements from the hundreds or thousands of opportunities for conserving energy or switching fuels. A carbon tax would automatically bring out many of the least expensive CO<sub>2</sub> reduction options as the tax is passed on through the markets for fossil fuel products.

While there is strong presumptive evidence that a carbon tax would lead to cost-effective emission reductions, several characteristics of domestic energy markets may still limit the range of economic responses. For example, state and local electric utility regulation constraints may restrict the ability of prices to guide conservation or efficiency investments even at higher energy price levels. No market is perfect, and the full range of CO<sub>2</sub> emission reductions from a carbon tax may require other regulatory and institutional reforms. Any other set of emission control requirements is likely, however, to cost the economy more to achieve the same level of control than a carbon tax.

A carbon tax is likely to reduce other pollutants associated with fossil fuel consumption. Unlike CO<sub>2</sub>, however, SO<sub>2</sub> and NO<sub>x</sub> emissions are more a function of the type, for example, of coal used and the method by which the coal is transformed into energy. (The same amount of CO<sub>2</sub> is emitted from burning a ton of coal no matter how it is burned.) Therefore, it is not necessarily the case that the resulting non-CO<sub>2</sub> emission reduction would also be cost-effective. Different environmental taxing strategies would probably make more sense if SO<sub>2</sub> emissions were the primary pollution concern. Nevertheless, a carbon tax will reduce the use of coal to produce energy and, thereby lower emissions of many other pollutants.

**Efficiency Gains from a Carbon Tax.**—Unlike many other sources of federal revenue, a carbon tax would generate overall economic efficiency gains, regardless of how the revenues from the tax are used. Short-term macro economic costs will arise from a carbon tax (as they do with most tax strategies as discussed more fully below), but the ultimate rearrangement of resources in the economy following the imposition of a properly design carbon tax should leave the economy better off. This reasoning follows from the logic of a carbon tax—that is, to correct existing prices for energy to reflect the social costs of fossil fuel combustion, primarily CO<sub>2</sub> emissions. If the tax has been set at the right level, the resulting new prices should lead to a better allocation of economic resources in the long term.

**Relationship to Other Policy Options.**—There appears to be almost unanimous agreement that greater investments in energy efficiency and conservation and research in alternative energy supplies are key components of any domestic strategy to reduce CO<sub>2</sub> emissions. In fact, these two areas are the central pieces of the President's current policy recommendations concerning the risk of global warming (along with increased scientific research). Higher energy prices, reflecting their true social costs, would work in tandem with these other programs. The success of investments in energy technologies depends, in large part, on the existence of an economic incentive for households and industrial consumers of energy to use the fruits of the research. Energy consumers could be forced to apply conservation and efficiency measures,

but prices offer a much more effective mechanism for encouraging the right kind of efficiency at the right time and right place. In addition, higher energy prices would provide a continuing incentive for the private sector to develop alternative energy use and production techniques to supplement (or even eventually displace) public sector efforts.

#### *Macroeconomic consequences of environmental taxes*

No matter how badly the market has priced domestic output in terms of environmental costs, the fact remains the U.S. economy has arranged itself around these prices. Production, employment and energy consumption patterns have developed that are dependent on status quo of relative prices not inclusive of social costs. Thus, attempts to reorganize prices by an environmental tax will rearrange current economic patterns and may result in measurable economic losses even taking into account the possibility of some winners as well as losers. In the case of a carbon tax, those industries or energy users most dependent on fossil fuels, least able to switch to alternative energy sources, least able to produce lower energy product lines, or least able to reduce their overall use of energy will be hardest hurt. By definition, however, these losses should be viewed as transitory not permanent if the change in the price of energy is no more than the benefits associated with reduced fossil fuel energy consumption.

**Short-term Macroeconomic Impacts.**—Virtually, every macroeconomic analysis of energy or environmental taxes report lower levels of GNP and higher prices levels than would be the case without the tax. As shown in an analysis conducted by Data Resources Inc., this result is also true of virtually any tax strategy for reducing the federal budget deficit including increased income taxes or a broad-based consumption tax.<sup>3</sup> These analyses assume, however, that no other benefits from a tax are forthcoming.<sup>4</sup> While this may be true for certain types of taxes, it cannot be the case for an environmental tax. A tax on tobacco, justified in part on the social costs of smoking, would be shown using these models to have a negative effect on the economy. There is a problem in the logic. Economists argue that we have too much pollution because we fail to price properly the use of the environment. Yet, when we do price it right, the economy is forever worse off.<sup>5</sup>

The major source of confusion is not from the logic but within the models themselves. None of the most quoted analyses or macroeconomic models include or capture the benefits from tax strategies that correct market failures as well as raise revenues. The realization that domestic national income accounts include only a fraction of the benefits from environmental pollution control is hardly new. Further, virtually all economic studies relating environmental regulation to economic productivity losses ignore the benefit side of the equation.<sup>6</sup> It is essentially assured that any economic analysis of an environmental tax will show economic losses.<sup>7</sup>

The problem is fundamental to how society values economic and environmental goods. GNP is an imperfect way to measure social welfare unless gross national output can be defined and estimated to include the value of reductions in environmental risks.

Nevertheless, short-term transitions are likely to occur under any new tax policy. These costs for environmental taxes will be a function of the size of the tax, the time period over which the tax is put in place,

structural rigidities in the economy, and how the tax revenues are used. In the case of a carbon tax the current macroeconomic models portrays the flexibility of the economy by assumptions concerning the responsiveness of the demand for energy as a whole and fossil-fuel energy specifically to price changes, and the responsiveness of supply of energy to price changes. Econometric models rely on past trends as predictions of the future. These models may overstate the transition costs if they underestimate the ability or incentive for consumers and producers to adopt energy-reducing responses.

For example, if new opportunities for conservation or energy efficiency to reduce energy demand become (or are) available, short-term transition costs associated with a carbon tax might be significantly lower. The possibility of this latter point being true has attracted the attention of energy efficiency enthusiasts and others. Some have argued that energy conservation can be costless and result in CO<sub>2</sub> emission reductions at a zero or even a negative cost.<sup>8</sup>

If the transition costs of an environmental tax are judged to be too high, the timing of the tax could be modified. A carbon tax that is phased in over a period of several years would reduce the interim economic impacts by providing more time for producers and consumers to respond to the price changes. While a phased tax will not achieve the same emission reductions, at least in the same time frame, it would put the economy on a long term transition path to reduced pollution. In addition, some of the macroeconomic consequences could be reduced by rebating the revenues by reducing other tax burdens.

**International Competitiveness.**—Raising relative domestic product prices through an environmental tax will have differential industry impacts. Without formal economic modelling it is hard to identify which sectors of the economy would be most affected. In the case of a carbon tax, those industries that are less energy intensive or best able to substitute inputs or outputs to minimize energy costs will be hurt less than other industries. It is likely, however, that overall the cost of domestic products will rise, in the short-run, relative to our international competition. This is true regardless of the fact that energy prices in Europe and Japan, for example, are already much higher than U.S. prices.

The ultimate impact of an environmental tax on the domestic trade balance would depend, in the case of a carbon tax, on whether the tax was used to help reduce the federal budget deficit, the degree to which oil imports are lowered and the new mix of outputs as the domestic economy responds to higher energy prices. Nevertheless, it may be important from a trade perspective to consider federal policies (tax or otherwise) that would help minimize any detrimental trade effects by lowering the costs of other factors in production. For example, increased investment tax credits for research and development on energy saving technologies, revised treatment of capital gains or reductions in the double taxation of corporate profits might offset some of the increased energy prices.<sup>9</sup>

#### *Distributional consequences of an environmental tax*

While a properly designed environmental tax would result in improved economic efficiency, it would also redistribute domestic incomes. Again, a full accounting of who wins and who loses under a new price

regime requires formal economic modelling. For a carbon tax, though, it can be presumed that concern might be focused on at least three key potential distributional impacts. First, to the extent that a carbon tax would fall relatively hardest on the use of coal, wealth and jobs in the coal mining and production sectors will fall. Thus, any strategy to redirect energy prices, on the basis of CO<sub>2</sub> or some other pollutant, will have to also address the need to adopt transition policies for the coal mining population. Some programs to assist in the downsizing of the coal mining sector, at least in some regions of the country, are presumably already in place and might provide guidance in the development of a larger scale effort.

The second sector differentially affected by a carbon tax may be lower income households. Any tax on consumption, be that product specific or a broad-based consumption tax is likely to be regressive. That is, that lower income households would pay more under such a tax as a percentage of income than higher income classes. Analyses by CBO and others argue, however, that an energy tax may actually be proportional if tax payments are compared to expenditures rather than income or if the comparison uses income over a lifetime rather than in one year.<sup>10</sup> While the degree of inequity associated with a carbon tax may be subject to some analytical uncertainty, various policies might be considered as part of a energy tax package to help offset any effect. Income tax credits for energy payments made by lower income classes may be one possibility. Another option with much broader implications would be to offset some portion of carbon tax receipts by lowering another regressive tax. The current payroll tax that finances social security programs is an obvious prospect.

Finally, a carbon tax is likely to have very different regional impacts. Electricity consumers in states that rely heavily on coal-fired power plants will pay a greater portion of the tax than consumers serviced by nuclear or hydropower. Further, the wealth of regions of the country that contain greater concentrations of energy intensive industries may suffer relative to other regions.

#### CONCLUSIONS

Most taxes have the potential to distort economic choices. Environmental taxes are quite different. As long as care is given to setting the right tax level, taxes based on environmental degradation offer the potential of redirecting our economy to a more efficient allocation of resources as well as generating significant revenues. It makes little sense to raise the cost of good things in the economy while other components of the domestic economy remain underpriced. While it would be misleading to understate the implementation issues surrounding various environmental taxes or their distributional implications, the huge benefits from a more rational tax system puts a high value on finding the right solutions to these potential problems.

#### FOOTNOTES

<sup>1</sup> This and following estimates predate the 1986 tax reform act and hence probably overstate current excess burdens, particularly those of the personal income tax.

<sup>2</sup> Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, U.S. Government Printing Office, Washington, D.C., February 1990.

<sup>3</sup> Caton, Christopher N., "Fixing the Deficit: What is the Best Way?", Presented at PIRNIC Oil Policy Seminar, Washington, D.C., March, 1989.



\* Very quick reductions in the deficit could translate into short-term losses in GNP as the economy adjusts (depending on domestic monetary policy). Over the long run, however, lower domestic interest rates should stimulate domestic investment and economic growth.

\* For a more detailed discussion of these issues as they relate to a gasoline tax, see: French, Mark, "Efficiency and Equity of a Gasoline Tax Increase," Federal Reserve Board, Washington, D.C., July 1988.

\* This omission is most explicitly noted in, Barbera, A.J. and V.D. McConnell, "The Impact of Environmental Regulations on Industry Productivity: direct and Indirect Effects," *Journal of Environmental Economics and Management*, Vol. 18, No. 1, (1990), pp 50-65.

\* There is a more subtle issue involving the establishment of a baseline for comparing costs and benefits. For example, in a recent analysis of the costs to electric utilities of climate change estimated that this industry might have to spend up to \$100 billion over the next twenty years to meet peak load demands. (DRI/McGraw-Hill, *Energy Review*, Lexington, MA, August, 1989). Should this figure be included in current baseline GNP, or is it part of the benefits of reducing global warming risks?

\* It is impossible at this point to test the hypothesis that enough energy conservation and efficiency is available at very low costs to negate the short-term macroeconomic impacts of a carbon charge. An economic supply curve for energy efficiency (that relates the price of energy efficiency investments with the quantity energy efficiency in various consumer and producer sectors) on an aggregate national level needs to be developed and incorporated into the econometric macroeconomic models.

\* A recent report by the Office of Technology Assessment identifies several federal policy options that could help reduce the cost of capital to U.S. firms and thus improve their competitive positioning. Office of Technology Assessment, *Making Things Better—Competing in Manufacturing*, U.S. Congress, Washington, D.C., 1990.

<sup>10</sup> See, for example, Congressional Budget Office, *The Budgetary and Economic Effects of Oil Taxes*, U.S. Government Printing Office, Washington, D.C., April 1986.

#### TRIBUTE TO SHERIFF WILLIAM H. HACKEL

#### HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. BONIOR. Mr. Speaker, I rise today to pay tribute to a remarkable individual, Sheriff William H. Hackel. Sheriff Hackel's efforts to make Macomb County a better place to live are unparalleled. Since the beginning of his law enforcement career in 1964 with the Macomb County Sheriff Department, Mr. Hackel has dedicated more than just his time and energy to our community, he has given his soul.

It is a privilege for me to speak highly of a man I personally know and truly respect. His contributions to his profession and his community are so numerous it would be impossible to adequately record. I believe he has met and exceeded the high personal standards he has set for himself. As an elected official, he strives to act in the best interest of all citizens, a goal I believe he has achieved.

Sheriff Hackel has assumed leadership roles in at least 10 National, State, and local professional criminal justice organizations. He has served as president and vice president of the Michigan Sheriff's Association. He is a member of the National Sheriff's Association and the International Association of Chiefs of Police. He also sits on the Traffic Association of Macomb County's Board of Directors.

Sheriff Hackel was appointed by Gov. James J. Blanchard to serve on the Michigan Law Enforcement Officer's Training Council, which sets police training standards for all Michigan police officers. His most recent appointment by Governor Blanchard (May 1989) is to the board of directors of Partners Against Crime, a "war council" of local, State, and Federal law enforcement officials organized to share ideas for crime control and prevention. Locally, Sheriff Hackel is board of directors chairperson for the County of Macomb (Drug) Enforcement Team [COMET] and project director of the Macomb Auto Theft Squad [MATS] founded in 1987 by a grant application through the Automobile Theft Prevention Authority.

As a lifelong resident of Macomb County Sheriff Hackel has made a conscious effort to put more back into the community than he receives. Sheriff Hackel secured a loan from the State of Michigan to build a new county jail. The innovative financing he arranged for this project won him the National Association of Counties Award.

This project is one of many Sheriff Hackel has undertaken during his tenure with the Sheriff's department. He coordinated a secondary Road Patrol Program enabling the return of \$3,000,000 to county taxpayers. His Crime Prevention Program won another National Association of Counties Award, as did his Prisoner Reimbursement Program which annually returns \$250,000 to taxpayers.

Sheriff Hackel's undying altruism is reflected in not only these activities, but in his nonprofessional activities as well. His active selling of Goodfellow's newspapers and participation in various activities, such as the March of Dimes Walk America Program, Vietnam veterans programs and Easter Seal telethons, show his true dedication to his community.

Sheriff Hackel serves on the board of directors for Catholic Services of Macomb County, the American Cancer Society and the Macomb County YMCA. He helped the Lions Club of Mount Clemens acquire porta-printers for the speech and hearing impaired. He has also participated in the Clinton River cleanup and distributes bulk food for the impoverished.

With all this commitment and voluntarism it is easy to see why Sheriff Hackel was honored as the Citizen of the Year in 1987. It is also easy to see, Mr. Speaker, why his contributions to his profession and his community are so widely recognized. His commitment to his profession and to his community is undying. We here in Macomb County will never forget the tremendous dedication and commitment Sheriff Hackel exemplifies. His living legacy will long endure in the hearts and minds of those he has served.

#### THE MODERN EXODUS

#### HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. SOLARZ. Mr. Speaker, each year as the festival of Passover approaches, I rise in this Chamber to speak to the triumphs and travails of the Jewish people. This year, the holiday

arrives at a pivotal moment, when the cycle of Jewish history has turned and the story of Passover is being re-created on the modern stage.

Three thousand years ago, Moses demanded of Pharaoh to "let my people go," and the children of Israel were finally released from the torment of their slavery in Egypt and began their journey to the promised land.

The story of this exodus will be retold as we sit down to our Seder tables on the evenings of April 9 and April 10. Together with our children and our grandchildren, we will recite the Hebrew phrase, "Z'man Cherutenu," which means "the time of our freedom." And this year, I think it is particularly appropriate for us to reflect on the fight for freedom that is being waged by our brethren in the Soviet Union. These are the modern day Israelites who are throwing off the yoke of oppression and discrimination and are taking part in a miraculous exodus from the Soviet Union.

It seems almost impossible to believe that only 3 years ago I stood on this floor and told my colleagues that the Soviet Jewish emigration rate had reached a horrendous low point. Only 914 Jews were allowed to leave Russia in 1986. Hundreds of thousands languished in a land which they could not leave and in which they could not practice the tenets of their faith.

But in a matter of a few dozen months the cycle of history turned. The voices of the dedicated Soviet Jewish activists in this country were finally listened to in Moscow. From Brooklyn, NY, to Brookline, MA, to Boise, ID, the steady cries of "let my people go" could no longer be ignored by the Soviet Government. And as Mr. Gorbachev's reforms took hold and the iciness of the cold war began to melt, Soviet Jewish emigration increased. In the last 15 months, as the winds of democracy blew like a hurricane throughout Eastern Europe, over 80,000 Jews have been allowed to taste the sweetness of freedom in the West.

But while we rejoice in this exodus, now is not the time for us to be complacent. Just as Pharaoh kept changing his mind, and ultimately unleashed his army to track down the Israelites in the desert, the ugly specter of a virulent strain of anti-Semitism has surfaced in the Soviet Union. In particular, the rabidly Jew-hating organization Pamyat is a growing menace. There are those who say that we should not worry about anti-Semitism in the Soviet Union. I disagree. As I speak, there are even rumors sweeping through the Soviet Union that a program will take place just a few weeks after Passover.

Mr. Speaker, it is incumbent upon us in the Congress to do all that we can to ensure that this modern reincarnation of the exodus story continues. While we congratulate Mr. Gorbachev on the progress of his reforms, we must tell him in no uncertain terms that we expect him to control the anti-Semitism which has become the dark underside of glasnost and perestroika. In an effort to resettle as many Soviet Jews as possible, we need to provide assistance to Israel, the nation in which most of them will begin their new lives. I urge my colleagues to support the \$400 million hous-

ing loan guaranty proposal for Israel that is currently before us.

We must also prevent the gates of our own country from slamming shut on Soviet refugees. We need to closely examine the possibility of increasing our refugee quota, and we must develop creative proposals to allow more victims of persecution to reach our shores. For my part, I have introduced H.R. 3726, which would set up a federally guaranteed loan program for able-bodied working age refugees, a program that could allow thousands of additional Soviet Jews into our country without impacting the Federal budget.

Mr. Speaker, as we celebrate "Z'man Cherutenu," we must not forget that our brethren in the Soviet Union are not the only beleaguered Jewish community yearning to live in freedom and dignity. As we sit down with our family and friends to conduct the Seders, we must rededicate ourselves to improving the plight of the Syrian Jews who still face violence, persecution, and family separation. We must also remember the Jews of Ethiopia who are threatened by the ravages of famine and war.

And finally, as we celebrate Passover, the festival of freedom, I think each and every one of us should take a moment to rejoice in the freedom that we are privileged to enjoy.

#### IN CELEBRATION OF OUR IRISH-AMERICAN HERITAGE

**HON. THOMAS J. DOWNEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. DOWNEY. Mr. Speaker, I rise today to salute all Irish-Americans and their significant impact on American political and cultural life. We are reminded of these contributions every St. Patrick's Day when Irish pride is at its height. However, Irish-Americans should remain proud throughout the year as they have played an integral role in American history.

From the beginning, Irish-Americans were active in shaping the fledgling America. This group fought as soldiers in the American Revolution and even provided a signer for the Declaration of Independence. Unfortunately, subsequent immigrants were not incorporated as easily into American society. Later agricultural workers were poorly prepared for the urban and industrial existence emerging in America. Yet Irish-Americans eventually overcame these significant barriers, including extreme prejudice, to assimilate into their new country. The Irish struggle for acceptance paved a smoother path for other ethnic groups who would follow.

Strengthened by the support of neighborhood, community and religious networks, Irish-Americans quickly made their mark on American politics. Capitalizing on strong political skills, these citizens assumed many State and local government positions. Irish-Americans also had an impact on the highest level of national politics, beginning with the 1928 Presidential nomination of Al Smith and culminating with the election of President John F. Kennedy in 1960. Talented Irish descendants contin-

ue to influence the American political scene and carry on the tradition of their forefathers.

Irish-Americans also contributed greatly to the wealth of American cultural works. F. Scott Fitzgerald, John O'Hara, and James T. Farrell were some of the noteworthy novelists who influenced American literature. In addition, the playwrights Eugene O'Neill and Philip Barry drew from their own experiences to write successful plays. Mr. O'Neill brought honor to himself and the United States by being the only American dramatist to win the Nobel Prize.

These highlights are just a few of the numerous examples of how Irish-Americans enriched American life. I am sure my colleagues join me in recognizing the important contributions of Irish-Americans throughout this country's history.

#### MARKSMEN FOR THE ARMY—NOT THE NRA

**HON. DON EDWARDS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. EDWARDS of California. Mr. Speaker, for decades now, the Army has maintained and operated the Division of Civilian Marksmanship [DCM]. Its declared mission is to bring skilled marksmen into the military. But it would appear that DCM has become a recruiting tool for the National Rifle Association [NRA].

In a thought-provoking article appearing in the Washington Post on March 7, our colleague from California, PETE STARK, notes that the Army needs to reexamine the purpose and function of the DCM. As our colleagues point out, if there is justification for continuation of the DCM, its mission must be refocused on the recruiting of skilled marksmen into the military, not on getting those skilled marksmen to join the NRA.

I would like to insert Mr. STARK's article in the RECORD, and I commend this article to the attention of my colleagues:

#### MARKSMEN FOR THE ARMY—NOT THE NRA

When President Bush unveiled his \$1.2 trillion annual budget to Congress, buried deep in the 700-page document was a short, two-paragraph description of a little-known Army program known as the Division of Civilian Marksmanship.

For decades, the Army has maintained and operated the DCM, with more than 2,000 DCM-affiliated rifle and pistol clubs, and more than 200,000 members, operating in every state.

The DCM's mission is to bring skilled marksmen into the military branches. The trouble is, last year only about 200 marksmen were recruited to join the military as a result of the DCM. At roughly \$23,000 per recruit, the House Armed Services Committee terms this "a very expensive recruiting tool."

Still, by mere "coincidence" (the Army's term), every DCM-affiliated rifle and pistol club is also an affiliated club of the National Rifle Association.

Yes, that's right, the NRA. The same NRA whose rifle and pistol clubs receive 35

million rounds of free ammunition each year to the tune of almost \$1 million per year. Join the NRA and get your free NATO surplus 7.62mm ammo. And don't forget the free access to hundreds of military installations.

But it's also the same NRA that seeks to overturn President Bush's import ban on 43 types of semiautomatic assault rifles, including the AK-47 and the Uzi rifle, calling the ban "both bizarre and blatantly unconstitutional." The same NRA that also says to its members that repealing the machine gun ban is a "high priority."

Every summer, the Army virtually turns over a base in northern Ohio, Camp Perry, to the NRA in the name of that group's firearms competitions for about 2,500 NRA members.

Somehow, though, the Army reports that most of these NRA shooters are past the age where the military can use their skills in a time of national need. So much for the "recruiting skilled marksmen" mission.

The Army maintains a year-round crew of three dozen federal employees in Washington and at Camp Perry whose only mission is to please the NRA. The total cost to the government just to operate Camp Perry? About \$2.5 million each year, which works out to \$1,000 per NRA participant.

Reading the NRA's monthly magazine, American Rifleman, leads one to believe that the Army's Camp Perry is virtually owned and operated by the NRA. In fact, the DCM's Army director also writes an NRA magazine column, referring to NRA members as "you, our clients."

This all raises some interesting questions.

Does the Army support the NRA's full-blown legal and lobbying efforts to overturn the president's import ban on 700,000 semiautomatic assault rifles?

Or does the Army approve of the NRA's lobbying efforts in support of U.S. manufacture and over-the-counter sales of the 12-round shotgun known as the "Street Sweeper" (the print ads for which proclaim "There's a Disease Out There and We've Got the Cure")? The Street Sweeper is a U.S.-made version of the South African Striker 12, the riot gun banned for import in 1986 by the Reagan administration.

And why is the DCM's 200,000-person mailing list shared with the direct-mail mill of the NRA? This list is worth millions to the NRA in campaign contributions, not to mention the immeasurable value of the countless letters, postcards and phone calls to legislators resulting from any regular NRA "Expedited Alert" direct mail letters. Does the Army realize the power of this list in the hands of NRA lobbyists, whose aim is to exploit the fears of passionate gun advocates who oppose any firearms law, including the Bush administration's assault rifle import ban?

Finally, is the Army's DCM function justified, given that peace is breaking out all over the world? Fortunately, the problems with the operations of the DCM are currently subject to a General Accounting Office analysis and upcoming House Armed Service Committee hearings. Clearly, the Army needs to refocus the DCM's mission to recruiting skilled marksmen into the military. The Army's DCM should not serve as a blatant recruiting and publicity tool for the NRA.



**TRIBUTE TO JUDGE THOMAS M. JENKINS**

**HON. TOM LANTOS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 19, 1990*

Mr. LANTOS. Mr. Speaker, I invite my colleagues in the House of Representatives to join me in paying tribute to Judge Thomas M. Jenkins, who will retire from the superior court bench after 14 years of exemplary service.

Judge Jenkins was appointed to the court in 1976 by Governor Brown, and then was elected in 1978 and reelected in 1984 by the people of San Mateo County. His record of public and private achievement is most noteworthy.

Born March 7, 1921, in Benton, IL, Judge Jenkins received his law degree from Hastings College of Law 1949—after a tour of duty with the U.S. Army during the Second World War. To our good fortune in San Mateo County, he settled on the peninsula and established himself as a leader in our community.

Judge Jenkins has served on the boards of health care institutions and associations, as well as with many community service organizations. He has given much of his time to groups from the American Hospital Association to the Camp Fire Girls. Some would call him a very bright "point of light."

Judge Jenkins' philanthropic activities are matched only by his prominence in the legal community. A 1982 recipient of the "Bernard S. Jefferson Judicial Education Award," he has served with the California Bar Association's Board of Governors and as the association's vice president.

Mr. Speaker, I am delighted to pay tribute to Judge Jenkins on the occasion of his retirement. The people of San Mateo County are truly fortunate to have been served by such an outstanding jurist.

**THE GREAT LAKES FISH AND WILDLIFE RESTORATION ACT OF 1990**

**HON. ROBERT W. DAVIS**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 19, 1990*

Mr. DAVIS. Mr. Speaker, today I join my colleague, Congressman NOWAK of New York, in the introduction of legislation entitled the "Great Lakes Fish and Wildlife Restoration Act of 1990."

The primary purpose of this bill will be to carry out a comprehensive study of the status, and the assessment, management, and restoration needs of, the fishery resources of the Great Lakes. The legislation also calls for activities to implement the recommendations resulting from the study and to provide assistance to States, tribes, and others who are involved with the cooperative conservation, restoration, and management of the fish and wildlife resources of the Great Lakes basin.

Mr. Speaker, the fishery resources in the Great Lakes have undergone dramatic changes in the past 50 years and continue to

be impacted by a variety of activities. The adverse effects of human activities have been especially severe on several important fishery resources such as lake trout. By the mid-1950's, the combined effects of habitat degradation, pollution, overfishing, and the introduction of undesirable nonindigenous species such as sea lamprey, have devastated this highly popular and valuable fishery which to this day has not fully recovered.

As the human population of the Great Lakes basin has expanded to over 35 million people, great demands have been placed on the lakes for use by boating and other recreation, navigation, municipal and industrial water supply, waste disposal, power production, and other purposes. These growing and often conflicting demands will continue to exert pressure on the fish and wildlife resources and their habitats in the Great Lakes basin. These pressures include contaminants, invasion by nonindigenous species such as the most recently discovered zebra mussel, habitat degradation and destruction, legal and illegal fishery resource harvest levels, and sea lamprey predation.

The fishery resources of the Great Lakes support recreational fisheries enjoyed by more than 5 million people annually and commercial fisheries provide approximately 9,000 jobs. Together these fisheries are worth more than \$4 billion to the United States and Canada. Expenditures generated by these fisheries also make a significant contribution to the health of local and regional economies.

The U.S. Fish and Wildlife Service has long been involved in efforts to manage and restore fish and wildlife populations of the Great Lakes, and in assessment of the impacts of contaminants, fishing, dredging, wetland losses, and other factors. Unfortunately, the Service has never had the resources needed to fully meet its responsibilities to address existing, new and emerging problems that threaten the Great Lakes.

Because of the national and international importance of the Great Lakes resources, I believe that the Service must aggressively assume an increased responsibility in the rehabilitation of the fish and wildlife resources of the Great Lakes ecosystem. The bill that Congressman NOWAK has introduced, of which I am a principal cosponsor, calls for this action, by providing the fiscal resources needed to carry out the activities called for in the legislation. This bill calls on the U.S. Fish and Wildlife Service to develop programs and activities for the Great Lakes that meet the following goals: First, to restore and maintain self-sustaining fishery resources; second, to minimize the impacts of contaminants on fish and wildlife resources; third, to protect maintain, and where degraded and destroyed, restore fish and wildlife habitats including enhancement and creation of wetlands resulting in a net gain in the amount of those habitats; fourth, to eliminate illegal activities adversely impacting fish and wildlife resources; fifth, to restore threatened and endangered species to viable, self-sustaining levels; and sixth, to restore populations of migratory birds.

The legislation calls for the Director of the Fish and Wildlife Service, in consultation with the Administrator of the U.S. Environmental Protection Agency, the Secretary of the Army

through the U.S. Corps of Engineers, State directors, tribes, and the appropriate Canadian Government entities, to undertake a comprehensive study of the status and assessment, management, and restoration needs of, the fishery resources of the Great Lakes. This study and its accompanying report including among other information, the findings, conclusions, and recommendations shall be submitted by October 1, 1995. This report should provide valuable information and hard-hitting recommendations that will assist the Service in coordinating its restoration, management, and enhancement programs for the Great Lakes basin.

The legislation also establishes a centrally located facility for the coordination of all U.S. Fish and Wildlife Service activities in the Great Lakes basin. This office will be responsible for the intra- and interagency coordination, information distribution, and public awareness outreach programs. The legislation also authorizes the establishment of an office for the necessary administrative and technical support services for the implementation of fishery restoration enhancement projects in the lower Great Lakes to facilitate fishery restoration and enhancement activities relating to Lakes Erie and Ontario.

The authorization level of the bill provides \$4 million to the Fish and Wildlife Service for the carrying out of the study, \$4 million for the establishment and operation of the Great Lakes Coordination Office, and \$2 million for the Lower Great Lakes Fisheries Assistance Office. There will also be authorized to be appropriated to the Administrator of EPA and the Corps of Engineers not more than \$1.5 million annually. The length of authorization for this bill would be through fiscal year 1995.

Mr. Speaker, Congressman NOWAK and I feel that the Great Lakes Fish and Wildlife Restoration Act of 1990 puts forth a challenge to the U.S. Fish and Wildlife Service addressing the magnitude, complexity, and importance of the Great Lakes basin. We would hope that the Service displays the vision that is necessary in the development of Great Lakes programs to accomplish the goals for the eventual restoration of the Great Lakes.

**AN UNDIVIDED JERUSALEM**

**HON. RAYMOND J. McGRATH**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 19, 1990*

Mr. McGRATH. Mr. Speaker, in light of the remarks made by President George Bush on March 3, I want to take this opportunity to express support for an undivided Jerusalem.

It has always been the Jewish belief that Jerusalem is an undivided city and the capital of Israel. By stating that no more Jews should "settle" in East Jerusalem, it seems the President has amended previous U.S. policy. There is no need for Jewish quotas in Jerusalem. This is one issue where Israel is united—the Jewish community is in clear harmony on one Jerusalem. For the administration to question this feeling is in bad judgment and does not express confidence in either the Labour or

Likud Party, both of whom support an undivided Jerusalem.

East Jerusalem is not a settlement, and should not be compared to the policies concerning the West Bank. It is our duty to promote peace in the Middle East and not waffle on an issue that is already held by all Jews. These are fragile times in Israel. It should not be our policy to undermine the peace effort by engaging in ill-timed rhetoric.

H.R. 2386

### HON. LARRY E. CRAIG

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. CRAIG. Mr. Speaker, today I submitted testimony to the Agriculture Subcommittee for Wheat, Soybeans, and Feed Grains expressing my concern about the possible enactment of H.R. 2386. This proposal would have a severe impact upon Idaho and Western agriculture.

According to the USDA, many farm families would experience large economic losses, crop production patterns would shift geographically and Western rural communities would suffer job losses. Should it be the policy of the Federal Government to disrupt the lives of farm families who have toiled for many years, in some cases for generations, in good faith reliance on Federal policies?

The sponsor of this legislation charges that farmers in other areas of the country are "put at a competitive disadvantage." What the sponsor fails to acknowledge is that many other regional differences affect the cost of production including availability of water, soil characteristics, growing season, climates and overall economic conditions. Some of these differences favor the West, and some do not. The current system cannot simply be characterized as a "double subsidy." It is far more complicated than that.

The sponsor fails to recognize that our current system has clearly worked. Family farms served by Bureau of Reclamation water are among the most productive in the world. Water districts and farmers throughout the West have not acted in bad faith and have attempted to carry out their contractual obligations to the best of their ability.

This Congress should be encouraging, not discouraging farm productivity. We need to give credit to the reclamation program which has transformed barren lands into productive farms. Although I am sure the sponsor of this legislation does not want to disrupt our farm economy, the effect of enactment would be to upset a system that's working.

Moreover, the biggest impact will fall upon those who can least afford it—small family farms. For years, Western farmers have depended upon a stable and economically priced supply of water. From this stability, we have all profited through high yield agricultural production with a minimal amount of price fluctuation.

Mr. Speaker, enacting H.R. 2386 would result in the disruption and destabilization of the small American farm. Water supply is the single most important factor affecting Western

agriculture. We cannot afford to risk the disruption of our farm economy that this legislation would cause. Therefore, it is critical that Congress not support H.R. 2386 in its present form.

### TRIBUTE TO CHARLES BONNER

### HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. LEHMAN of California. Mr. Speaker, on March 30, of this year the Fresno Philharmonic will honor the lifelong efforts of Charles Bonner.

Through the years Charles Bonner and his family have made many contributions to the growing cultural, social and economic needs of Fresno. The Bonner family's continuing interest in promoting the arts led them to form the Bonner Family Foundation, one of the few philanthropic foundations in the central valley.

The philharmonic's recognition is only fitting because Charles Bonner's association with the Fresno Philharmonic Orchestra has lasted nearly as long as the orchestra has existed. The orchestra was founded in late 1954; less than 3 years later he became its president, serving seven consecutive terms. He has also served on the board of directors and on the board of trustees every year since 1964.

Due in large part to the efforts of Charles Bonner and others the philharmonic grew in stature from community standing to a nationally recognized ensemble. In 1960 Mr. Bonner was elected to the board of directors of the American Symphony Orchestra League and in the mid-sixties, the league awarded "Metropolitan" status to the philharmonic, raising it to the middle rank of American orchestras.

In Charles Bonner's last year as president, he was given a special award by the American Symphony Orchestra League in recognition of the Fresno Philharmonic's efforts to further the careers of young artists.

Charles Bonner has been an important spokesman for the agriculture industry in Fresno County. His enlightened leadership has contributed greatly to agriculture's prominence in the valley.

It is only fitting that we pay tribute to this outstanding individual and member of the community. Charles Bonner has been a leader in cultural as well as business and economic development for our community. Today I join the Fresno Philharmonic in bestowing honor on Charles Bonner.

### SURVIVAL IN A NEW WORLD

### HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 19, 1990

Mr. GINGRICH. Mr. Speaker, while everyone is discussing the diminished threat from the Soviet Union and Eastern Europe, I would like my colleagues to consider the new nuclear threat from the Third World and to think about our need to counter that threat. As a basis for this debate, I would recommend two

articles which have appeared recently in the defense media. The first article, written by our colleague, BOB DORNAN, appeared in last week's issue of Defense News. BOB argues persuasively that the need for strategic defense is greater than ever, due to the increased proliferation of ballistic missile technology. The second article, written by Thomas Moore, appeared in this month's Defense Electronics. Contrary to popular belief, many SDI technologies are at hand—and at a reasonable price. I urge my colleagues to pay close attention to these facts as we begin this year's debate on the defense budget:

### NUCLEAR THREAT NOT DIMINISHED: STRATEGIC DEFENSE CRITICAL AS MISSILE TECHNOLOGY SPREADS

(By Representative Robert Dornan)

Without strategic defense, America could well awaken one morning to find a burning, radioactive abyss where New York City once stood. With strategic defense, Americans can sleep soundly, secure in the knowledge they are protected from accidental, unauthorized or deliberate Third World ballistic missile attack. This is particularly true as more Third World nations acquire nuclear technology. It is also consistent with our arms control negotiations under way in Geneva.

Strategic defense complements deep reductions in nuclear weapons and will contribute to strategic stability. Any strategic arms agreement signed by the United States and Soviet Union likely will have their respective strategic land-based nuclear forces. Contrary to the conventional wisdom of the liberal arms control community, strategic defenses enhance strategic arms reduction talks, provide assurance against potential cheating and strengthen treaty compliance.

SDI also will serve as protection against accidental, unauthorized ballistic missile launch or deliberate ballistic missile terrorist attack against the United States or its allies. Indeed, if the trend of democratization in the Eastern Bloc continues, the threat of an East-West conflict will further decline. But there has been an unmistakable trend toward proliferation of nuclear and chemical weapons throughout the developing world. More disturbing is the codevelopment of medium- and short-range ballistic missiles by these nations. Once this technology is mastered, the next step would be long-range intercontinental ballistic missiles.

In recent months we have seen political and social unrest in the People's Republic of China, riots in the Soviet Union, the continuing internecine squabbling in the Middle East and assorted civil and military strife in other parts of the world. These crises illustrate the type of situation that might lead to an accidental, unauthorized or deliberate ballistic missile attack.

In communist China, for example, if civil war led to a breakdown of military control, it is conceivable that individual warlords could gain control of some or all of the Chinese nuclear forces. This scenario was considered as possible by the Congress and administration last summer.

William Webster, director of the Central Intelligence Agency, testified that as many as 20 developing nations will have ballistic missile launch capability within the next 10 years. As the nuclear club grows to include nations whose judgment and stability are sometimes questionable, such as Iran, Iraq, Syria and Libya, and as the so-called poor



man's A-Bomb (chemical and biological weapons) proliferates, the likelihood of the United States being threatened by a Third World country significantly increases.

If such attacks are directed against the Soviet Union, its populace already enjoys limited protection from ballistic missiles. Under the amended provisions of the dated 1972 Antiballistic Missile treaty, the Soviets have deployed their permitted 100 ABM launchers. The Moscow ABM network is a second generation upgraded system capable of defending the greater Moscow area.

The Soviet military also has developed thousands of dual-capable surface-to-air missiles (SAMs). These SAMs, while not effective against most land-based, long-range intercontinental ballistic missiles, do have the capability to track, acquire and attack short- and medium-range missiles, cruise missiles and some of the Navy's long-range submarine-launched ballistic missiles.

The Soviet Union has tested and is ready to deploy transportable ABM tactical radars. (While mobile radars are specifically banned by the ABM treaty, there is no mention of transportable radars. Mobile radars can be moved in a matter of hours; transportable radars can take up to several days to relocate. The nuance is a matter of diplomatic semantics. If the United States were to attempt to develop, much less deploy, such radars, the liberal arms control community would accuse the administration of flagrantly violating the spirit if not the letter of the treaty. However, since it is the Soviet Union, and since this action is not specifically proscribed by treaty, it appears to be a defensible action by the American arms control community.)

These radars, if deployed in significant numbers, could do the work of a larger, phased-array radar and could well serve the function of the Krasnoyarsk radar which Soviet leader Mikhail Gorbachev has promised to raise. This network of radars and ABM-SAM interceptors provides the Soviets with an extensive, albeit limited, nationwide ABM system and is a clear circumvention of the intent of the ABM treaty.

The days of immoral reliance on mutual assured destruction, aptly referred to as MAD, are gone. This doctrine is premised on the concept of keeping the civilian populations of both the United States and the Soviet Union hostage to the threat of nuclear annihilation. Former Defense Secretary Robert McNamara foisted this doctrine on the U.S. military in the late 1960s and forewarned deployment of missile defenses. His only worry was the rationality of the Soviet and Chinese leadership—a rationality that offensive stalemate would assuage a crisis before it reached the nuclear threshold. Two decades later the spread of ballistic missile and other weapon technology to Third World nations has changed that situation.

The superpowers can no longer broker a deal among themselves. Instead of only a few leaders with nuclear guns pointed at each other's heads, in the next 10 years there may be as many as 20 leaders pointing nuclear or chemical guns at one another. Rationalism within this diverse group cannot be presumed. The knowledge of assured retaliation did not prevent Iran and Iraq from unleashing chemical weapons and long-range cruise missiles on one another's civilian populations.

Developments in U.S. strategic defense hold the promise of delivering the American people from this emerging threat. In six years the Strategic Defense Initiative Orga-

nization conducted more than 375 major tests and experiments. These tests have shown that ground- and space-based non-nuclear laser and kinetic energy weapons have the potential to destroy ballistic missiles and their re-entry vehicles in flight.

Remarkable results in the miniaturization of sensors, guidance systems, kinetic kill mechanisms, propulsion engines and in computer processors have been achieved. The smaller units are more powerful and less expensive than ever imagined.

A rapid deployment of these defense technologies not only will protect Americans from accidental or deliberate launches, but also will discourage other nations from even acquiring missiles. Developing nations are not likely to invest large sums in deploying ballistic missiles if they know that their missiles will be easily negated by a U.S. or allied defense system.

Strategic defense against ballistic missiles can be a reality. However, the program cannot survive another year of major budget cuts. Either defending America from the emerging threat of multinational missile proliferation will become a national priority, and be fully funded, or it will wither on the vine and die, diminishing our national security.

#### SDI: PROSPECTS FOR THE 1990's

(By Thomas Moore)

When President George Bush took office last year, many critics of the Strategic Defense Initiative (SDI) predicted that the new President would quickly distance himself from his predecessor's "Star Wars" program, in their view an unworkable, costly boondoggle that would lead to a spiraling of the nuclear arms race and a "militarization of outer space."

But the new President indicated that he would stay the course with SDI, as he had promised during his election campaign. In his fiscal 1990 budget request to Congress—the first budget submitted by his administration—the President requested \$4.6 billion in funds, enough to sustain SDI's technical progress and schedule designed for a deployment decision in the early 1990s. The final approved total was \$3.8 billion.

For fiscal 1991, the President has requested \$307 billion in total defense budget authority, and has proposed significant cuts in conventional forces, while planning to spend more on strategic systems. In the fiscal 1991 defense budget President Bush has again asked for \$4.6 billion for SDI, the same as the 1990 request.

The Bush administration has committed itself to continue the SDI program as currently structured, with a "balance" between two tracks. One track is research and development of near-term options and mature technologies. The second track is research in long-term or follow-on technologies the focus is on a Phase I missile defense architecture, with both ground and space components, which could conceivably be operational by the year 2000. Lt. Gen. George Monahan, Director of Strategic Defense Initiative Organization (SDIO), has said that "... we could deploy a system, with both ground-based and space-based components, before the turn of the century. That's indeed very, very possible."

In the long term, the SDIO is looking at directed energy weapons (DEW) such as lasers or particle beams. These technologies are designed to meet a more robust ballistic missile threat or countermeasures against Phase I in the future.

But with funding levels tapering off, some fear SDIO simply will not be able to continue to pursue both tracks at the same pace as in the past. Under a tighter budget, either the entire program schedule will have to slip, or one track will have to be elevated over the other. So far most of the money and research has been invested in Phase 1 development and the most promising result of that research is the Brilliant Pebbles kinetic energy weapon.

Brilliant Pebbles is the informal designation given to a class of kinetic energy weapons—developed under Phase I—that can be deployed in a variety of modes. The technology derives its nickname from "Smart Rocks," of which it is an improved variant.

The operational principle of kinetic energy weapons is well known to physicists, a simple function of mass and velocity. When two masses moving at high speeds collide, the impact generates a tremendous amount of energy. With the hypervelocities common to space vehicles, 10 times the speed of a cannon round, even a small object colliding with a missile booster or re-entry vehicle will generate enough destructive energy to shatter the target.

Brilliant Pebbles are planned to be the space-based interceptor (SBI) element of a layered strategic defense architecture. The old SBI concept, approved by the Defense Acquisition Board (DAB) in 1987 as part of the architecture for Phase I, is now replaced by Brilliant Pebbles, at least as a conceptual framework. The SDIO announced in January that it plans to award four to six \$1 million and \$2 million contracts for eight-month industrial studies of Brilliant Pebbles following which two contractors would be chosen for another phase of work lasting three years.

The Brilliant Pebble is a small rocket interceptor taking full advantage of currently available computer, electronic and miniaturization technologies. The entire vehicle is under one meter in length, with a total weight, including engine propellant, of less than 45 kilograms. Yet given the tremendous advantage of the kinetic-energy principle, this relatively small mass is more than ample to destroy a missile booster in space.

Each Pebble has its own optics and on-board imaging systems, consisting of miniaturized, high-resolution, wide field-of-view cameras working in a multispectral mode, and a laser-based radar imager. The system detects and tracks the plume of a rocket engine as the booster rises into space. The Pebble's "brain," a miniature computer in the Pray-1 supercomputer class, processes the target data and gives vectoring information to the highly mass-economized monopropellant rocket motors which propel the entire vehicle at high speed into the oncoming booster or even the maneuvering warhead, destroying the target on impact.

The flexibility of each individual interceptor makes possible the promising architecture for the boost-phase and post-boost-phase intercept layer of the overall strategic defense system. Thousands of Brilliant Pebbles would orbit in several low earth orbital planes, each with the ability to detect, identify, track and perform intercepts—and pass on targeting information to neighboring Pebbles in the constellation. The concept presumes a high degree of coverage, and once the interceptors are activated by human command, a high degree of autonomy.

Another advantage is simplicity. A Brilliant Pebbles architecture does not need an extensive or highly vulnerable surveillance

infrastructure, since the Pebbles themselves can acquire and track the target in the constellation. However, for independent validation of attack warning and redundancy, a new surveillance satellite, the boost surveillance and tracking system (BSTS) proposed as part of the original Phase I, would be deployed as well.

Because the individual interceptors use existing technology, they can be developed and manufactured relatively cheaply, at a cost of a few hundred thousand dollars per copy. And because they are small and light, they can be lifted into orbit by existing boosters, vastly reducing launch costs. In fact, according to a report written by former SDIO director Lt. Gen. James Abrahamson in February 1989, the overall Phase I system could be developed and deployed for around \$25 billion.

Lt. Gen. Monahan recently said, "Brilliant Pebbles is the most promising system for the space based interceptor. The concept is the most simple, most survivable, and easiest to control—though there are quite a few Pebbles up there. But they all know where they are and where they're going. And we (ground controllers) know that, too."

But a viable strategic defense system will require more than the space layer. Other components, such as BSTS, and a ground-based interceptor to take care of reentry vehicles in the terminal phase of trajectory, must be developed concurrently with Brilliant Pebbles. That will put severe strain on a lean budget.

With the funds SDI has been allocated, Phase I technologies have made rapid strides and show great promise, according to supporters. But in order to maintain a balance between the two tiers of the program, SDI critics and Congressional opponents have tied a deployment decision on Phase I to proof of concrete progress on Phase II—the long term systems. They argue that the Soviets might in the foreseeable future develop ways to overcome Phase I, for example, with fast-burn boosters that could avoid rocket-powered space based interceptors, or other countermeasures. And they believe that Phase I should not proceed to deployment until the follow-on systems that could counter a future threat are close to full-scale development.

But as indicated in SDIO's fiscal 1990 internal allocation of appropriated funds among the various program components, the balance has already been sacrificed. All directed energy weapons (DEW), which include nine line items encompassing the free electron laser, the chemical laser, and the neutral particle beam, received \$934 million in fiscal 1988 and \$867 million in fiscal 1989. In fiscal 1990, only \$703 million has been allotted for DEW. Given the promise of Brilliant Pebbles and the near-term possibilities of kinetic energy weapons, all kinetic energy weapons will receive \$744 million, with Brilliant Pebbles alone getting \$129 million, the fifth largest amount allocated to any single component or technology.

According to Lt. Gen. Monahan, the SDIO has selected Brilliant Pebbles as a research area to concentrate on in order to achieve the goal of deploying both space- and ground-based interceptors before the turn of the century. An example of a ground-based kinetic energy system is the kinetic kill vehicle integrated technology experiment (KITE-1), a suborbital ground-based rocket equipped with infrared sensors designed to intercept nuclear warheads as they reenter the Earth's atmosphere. As a result of the emphasis on kinetic energy sys-

tems, research on DEW and other long-term programs has received less funding.

While DEW and the longer-term technologies are suffering the most under budget belt-tightening, the collection of technologies known as SATKA—surveillance, acquisition, tracking, and kill assessment—will receive the largest share of fiscal 1990 SDI funds, \$1.232 billion. SATKA technologies include the boost surveillance and tracking system, which is needed for improved attack warning regardless of the decision on SDI deployment. It is clear that current and future budget decisions are designed to protect the option to deploy BSTS in the 1990s, and move ahead with the space surveillance and tracking system (SSTS) for mid-course tracking of remote vehicles (RVs), and ground-based surveillance systems for tracking RVs in the terminal phase of their trajectory. In fact, SDIO plans to spend \$265 million on full-scale development on BSTS beginning in fiscal 1991.

The unique two-tiered structure of the SDI program, and its history of controversy, meant that budget cuts in SDI are more inherently political than in any other defense program. Funding decisions are ipso facto strategy decisions made by the Congress, denying the President the ability to cross the deployment threshold when he deems appropriate. Many SDI supporters complain the administration, while paying lip service to the concept of ballistic missile defense, has not understood the political implications of SDI's budget fight.

In fairness to the Bush administration, however, there are a number of new factors at work that have had an inevitable impact on the fate of SDI outweighing the President's wishes, no matter how skillfully he might be able to maneuver his program through the battle of the budget. In addition to new management of SDIO and the DOD, a number of crucial political changes have occurred, both domestically and internationally, that will have a significant impact on any deployment decision on Phase I of SDI.

#### SDS SENSORS

The boost surveillance and tracking system (BSTS) is an orbiting surveillance system that uses infra-red technology to detect the exhaust plumes of ballistic missiles during the boost phase of flight. The system must be able to track missiles and provide real-time data processing in a worst case, nuclear-radiated environment.

Work is underway to design these spaceborne systems with as much onboard processing capability as possible to minimize the amount of critical information that must be downlinked to ground stations. To accomplish this, engineers with the prime contractors Lockheed Missiles & Space Co. Inc., Sunnyvale, CA and Grumman Aerospace Corp., Long Island, NY, have been working on technologies such as high-density, radiation-hardening circuits for signal and data processing; high-speed analog-to-digital converters; low-cost IR detectors for focal plane arrays (FPAs) and advanced cooling techniques.

For example, the SDIO has developed the generic very high-speed integrated circuit (VHSIC) space-borne computer, which is resistant to nuclear radiation. To achieve the high availability rates and self-repair capability required of satellite computer systems, the SDIO has developed a local area network (LAN) that supports fault-tolerant, loosely coupled, distributed microprocessors. A network to coordinate the operations of

VHSIC processors and meet ground segment processing functions will be demonstrated.

BSTS will require A/D converters with greater dynamic range than has ever been previously required. These devices must also be radiation hardened and operate at very high throughput rates. SDIO believes a low-power combined bipolar complimentary metal oxide semiconductor (CMOS) converter will provide the requisite speed and performance needed and is pursuing this technology.

BSTS senses the optical radiation emitted by missiles; thousands of these detectors would be required for each spacecraft. The leading detector technology under consideration for the FPAs is mercury cadmium telluride because it provides the required sensitivity and inherent radiation hardness.

#### SPACE-BASED SURVEILLANCE AND TRACKING SYSTEM

The space-based surveillance and tracking system (SSTS) is a midcourse sensor system that will initially consist of small, passive long-wave infrared (LWIR) sensors placed in medium earth orbit to track post-boost and reentry vehicles. Through stereo processing and in conjunction with other SSTS satellites, the system will track reentry missiles and decoys as they move through their trajectories. Based on information from SSTS, including the number and location of reentry vehicles, the weapon system would be activated.

Critical SSTS technologies being explored by the prime contractors TRW Inc. Redondo Beach, CA and Lockheed Missiles & Space Co., Inc., include LWIR focal planes, cryotechnology, background noise measurement and space mirrors. Recent improvements to LWIR systems have reduced the cooling power required for spaceborne arrays. Cryo-cooling is required for the focal plane array and optics systems for the SSTS and the capability must last five to 10 years with high reliability. Scientists are attempting to achieve these goals with a three-stage cooler.

An aircraft, the airborne optical adjunct (AOA) is an experimental test bed used to resolve many of the passive sensor technical issues related to all midcourse sensor systems. It carries the LWIR and other sensors in a modified Boeing B-767 airframe operated by the U.S. Army. The aircraft's FPA will gather detection, tracking and discrimination data on mock missile attacks during flights on missile test ranges. On the aircraft is an A/D device sampling the FPA, signal and data processing that provides the final information to the user. The focal plane has 30,000 detectors which sweep a section of space and revisit the same block of space a few seconds later. The first scene is then matched with the second, enabling the user to detect the displacement of objects. The focal plane is sampled at the rate of 385 million times per second, requiring the A/D converter to work flawlessly. System designers are working on significantly increasing that capability for actual spaceborne applications in the BSTS and SSTS. However, the system requires a great deal of power and has a limited electronic budget. In order to boost capabilities the current must be made more efficient.—C.L.C.

#### MAKING SDI BM/C<sup>3</sup> A REALITY

A comprehensive battle management/command, control and communications (BM/C<sup>3</sup>) system is essential for monitoring and controlling the activities of all the elements of the strategic defense system



(SDS). Information from surveillance satellites, sensors and radars would be relayed to battle managers. On confirmation of an attack, the BM/C<sup>3</sup> system would be used to assign targets to spaceborne and ground-launched interceptor weapons. Technologies that are key to the success of the BM/C<sup>3</sup> system include management algorithms, command and control networks, data processing, communications, software and functional capability in the presence of radio frequency (RF) jamming and nuclear radiation.

A dependable SDS requires fault-tolerant, high-performance computers. The system design calls for supercomputers and parallel processors to provide the high processing rates needed for real-time execution of battle management simulation algorithms. These computers, linked by a hyperchannel local area network (LAN), include two Cray 2s, two IBM 3090s, a DEC VAX 8700, DEC VAX 8800, DEC VAX 8810 plus an assortment of smaller computers, including Sun workstations. All of these computers together provide the core of the computing power needed to perform SDS simulations.

The algorithms are the mathematical/logical processes and procedures needed to perform resource allocation, manage and form the target file, execute command and control actions, and in general, operate the entire system. Algorithms are being developed to initiate and maintain target tracks, discriminate between warheads and decoys, assign weapons to targets, assess system effectiveness and reconfigure the system as necessary to adjust to changing battle conditions. Statistical estimation techniques that use reasoning- and knowledge-based technologies have been developed and tested for use in the SDS BM/C<sup>3</sup> environment.

An installation for proving BM/C<sup>3</sup> systems at the system level is the National Test Facility (NTF) in Colorado Springs, CO. The NTF acts as a hub and is comprised of electronically linked (networked) hardware and software at other geographically dispersed SDS test and simulation facilities forming the National Test Bed (NTB). The NTB is the primary system integration, simulation, test and evaluation organization for BM/C<sup>3</sup> elements. The NTB directorate's ultimate mission is to provide information for deciding whether and when to initiate SDS deployment and to what degree. The NTB is also, in essence, a tool for determining SDS's feasibility and confirming its basic research to SDIO.

The NTB, which became fully operational in March 1988, runs simulations of possible deployment patterns of ballistic missile defense systems. According to program officials, the NTB is an important tool in validating deployment and interception concepts and configurations for the U.S. strategic defense system. The NTB is used to compare, evaluate and test alternative proposed methods for a layered defense and evaluate specific technology applications for a strategic defense system before actually committing to building the hardware.

Despite the increasingly tight budget for defense and SDI, it is expected that the NTB will continue to be fully funded. Funding for fiscal 1990 is \$125 million. Under President Bush's budget request, the NTB program would receive \$140 million for fiscal 1991. The 1991 request will probably be approved by Congress because the NTB is considered a key element in ensuring that SDS is configured for the greatest possible effectiveness with the least possible expenditure.—J.R.R.

## SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, March 20, 1990, may be found in the Daily Digest of today's RECORD.

## MEETINGS SCHEDULED

### MARCH 21

9:15 a.m.

#### Appropriations

Labor, Health and Human Services, Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-192

9:30 a.m.

#### Agriculture, Nutrition, and Forestry

To resume hearings on proposed legislation to strengthen and improve U.S. agricultural programs.

SR-332

#### Banking, Housing, and Urban Affairs

International Finance and Monetary Policy Subcommittee

To hold oversight hearings on Third World debt strategy.

SD-538

#### Commerce, Science, and Transportation

Communications Subcommittee

To hold hearings on the Federal Communication Commission's syndicated exclusivity rules.

SR-253

#### Governmental Affairs

To hold hearings on S. 2274, to establish a Federal pay system with locality-based adjustments.

SD-342

#### Small Business

To hold hearings to examine the problems that confront small businesses in complying with the Environmental Protection Agency's regulations on underground storage tanks.

SR-428A

10:00 a.m.

#### Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Agriculture, focusing on the Food and Drug Administration, Commodity Futures Trading Commis-

sion, Farm Credit Administration, and Farm Credit System Assistance Board.

SD-138

#### Appropriations

Treasury, Postal Service, General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the United States Secret Service, and the Internal Revenue Service.

SD-116

#### Foreign Relations

European Affairs Subcommittee

To hold hearings to examine American business initiatives in eastern Europe.

SD-419

#### Judiciary

Constitution Subcommittee

To hold hearings on S.J. Res. 232 and S.J. Res. 233, measures proposing amendments to the Constitution of the United States with respect to the impeachment of judges, and S.J. Res. 11, proposing an amendment to the Constitution of the United States, to require any Federal official appointed by the President with the advice and consent of the Senate upon conviction of a felony to forfeit office.

SD-226

#### Labor and Human Resources

To hold hearings to review the Bipartisan Commission on Comprehensive Health Care (Pepper Commission) recommendations on universal health care issues.

SD-430

2:00 p.m.

#### Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Institute of Building Sciences, the Neighborhood Reinvestment Corporation, and the Selective Service System.

SD-138

#### Appropriations

Energy and Water Development Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for energy and water development programs, focusing on the Office of Energy Research, Department of Energy.

SD-192

#### Armed Services

Defense Industry and Technology Subcommittee

To hold hearings to examine corrective actions the Department of Defense may take as a result of the findings of recent procurement fraud investigations.

SR-232A

#### Finance

To hold hearings on proposed legislation to examine the effects of short-term trading on long-term investments, including S. 1654, to impose an excise tax on the gain of the sale of pension investment assets held for a short term.

SD-215

2:30 p.m.

Commerce, Science, and Transportation Surface Transportation Subcommittee

To hold hearings on S. 1898, to provide Federal Government guarantees of investments of State and local government pension funds in high-speed intercity rail facilities, and S. 2286, to

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require the Secretary of Transportation to lead and coordinate Federal efforts in the development of a magnetic levitation transportation system.

SR-253

3:00 p.m.

Conferees

On S. 1096, to provide for the use and distribution of funds awarded to the Seminole Indians.

1324 Longworth Building

MARCH 22

9:30 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold hearings on S. 2108, to promote the production of organically produced foods through the establishment of a national standard production for organically produced products and providing for the labeling of such products.

SR-332

Appropriations

Labor, Health and Human Services, Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-138

Governmental Affairs

To continue hearings on S. 2274, to establish a Federal pay system with locality-based adjustments.

SD-342

Select on Indian Affairs

To hold hearings on Indian health facilities.

SR-485

10:00 a.m.

Appropriations

Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on management reforms.

SD-192

Appropriations

Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on the World Bank and the debt crisis.

SD-106

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the American Battle Monuments Commission, Cemetery Expenses (Army), the National Credit Union Administration, and the United States Court of Veterans Appeals.

SD-116

Banking, Housing, and Urban Affairs

To resume hearings on proposals authorizing funds for the Defense Production Act of 1950, including S. 1379 and S. 2168, proposed Defense Production Act Amendments.

SD-538

Finance

To resume hearings on proposed legislation for deficit reduction and spending initiatives contained in the President's fiscal year 1991 budget.

SD-215

EXTENSIONS OF REMARKS

Foreign Relations

International Economic Policy, Trade, Oceans and Environment Subcommittee

To hold hearings on U.S. participation in the European Bank for Reconstruction and Development.

SD-419

Judiciary

Business meeting, to consider pending calendar business.

SD-226

2:00 p.m.

Armed Services

Readiness, Sustainability and Support Subcommittee

To resume hearings on S. 2171, to authorize funds for fiscal year 1991 for military functions of the Department of Defense and to prescribe military personnel levels for fiscal year 1991, focusing on the operation and maintenance programs, including the impact of the Defense Management Report on logistics programs.

SR-222

Foreign Relations

European Affairs Subcommittee

To hold hearings on democratic institution-building in eastern Europe.

SD-419

Judiciary

To hold hearings on the nominations of Norman H. Stahl, to be U.S. District Judge for the District of New Hampshire, Daniel B. Sparr, to be U.S. District Judge for the District of Colorado, John S. Martin, Jr., to be U.S. District Judge for the Southern District of New York, and Alan D. Lourie, of Pennsylvania, to be U.S. Circuit Judge for the Federal Circuit.

SD-226

MARCH 23

9:30 a.m.

Finance

Private Retirement Plans and Oversight of the Internal Revenue Service Subcommittee

To hold hearings to review the Internal Revenue Code rules governing private pension plans and options for simplification.

SD-215

Small Business

To hold hearings on small business opportunities with the Soviet Union and Eastern Europe.

SR-428A

10:00 a.m.

Appropriations

Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Agriculture, focusing on the Animal and Plant Health Inspection Service, Food Safety and Inspection Service, and Agricultural Marketing Service.

SD-138

Appropriations

Legislative Branch Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Architect of the Capitol, and the Capitol Police Board.

SD-116

Banking, Housing, and Urban Affairs

To hold hearings on the nominations of David W. Mullins, Jr., of Arkansas, and Edward W. Kelley, Jr., of Texas, each to be a Member of the Board of

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Governors of the Federal Reserve System, and Robert H. Swan, of Utah, to be a Member of the National Credit Union Administration Board.

SD-538

Foreign Relations

Western Hemisphere and Peace Corps Affairs Subcommittee

To hold hearings on U.S. policy with respect to El Salvador.

SD-419

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings on proposed legislation reauthorizing funds for the Institute of Museum Services.

SD-430

MARCH 26

9:30 a.m.

Energy and Natural Resources

To hold hearings to examine the outlook for the world oil market in the 1990s and its implications for U.S. energy, economic, and security interests, focusing on future price and production patterns, the effect of recent events in Eastern bloc nations, the role of OPEC, and implications of new environmental policies.

SD-366

10:30 a.m.

Appropriations

Military Construction Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for military construction programs.

SD-192

2:00 p.m.

Armed Services

Readiness, Sustainability and Support Subcommittee

To resume hearings on S. 2171, to authorize funds for fiscal year 1991 for military functions of the Department of Defense, and to prescribe military personnel levels for fiscal year 1991, focusing on ammunition programs.

SR-222

MARCH 27

9:00 a.m.

Appropriations

Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on manpower and personnel programs.

SD-192

9:30 a.m.

Appropriations

Labor, Health and Human Services, Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-138

Energy and Natural Resources

Energy Regulation and Conservation Subcommittee

To hold hearings on S. 1355, to assist private industry in establishing a uniform residential energy efficiency rating system.

SD-366



10:00 a.m.

## Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Consumer Product Safety Commission, the Consumer Information Center, and the Office of Consumer Affairs.

S-126, Capitol

## Appropriations

## Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Indian Health Service of the Department of Health and Human Services, and the U.S. Fish and Wildlife Service, Department of the Interior.

S-128, Capitol

11:15 a.m.

## Environment and Public Works

To hold hearings on the nominations of L. Joyce Hampers, of Massachusetts, to be an Assistant Secretary of Commerce for Economic Development, and Brig. Gen. Arthur E. Williams, to be a Member and President of the Mississippi River Commission.

SD-406

2:30 p.m.

## Appropriations

## Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on Central America.

SD-366

## Small Business

To resume hearings on the President's proposed budget request for fiscal year 1991 for the Small Business Administration.

SR-428A

## MARCH 28

9:00 a.m.

## Agriculture, Nutrition, and Forestry

To hold hearings on S. 2227, to revise the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act (P.L. 80-104) governing exported pesticides.

SR-332

9:30 a.m.

## Appropriations

## Labor, Health and Human Services, Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-192

## Commerce, Science, and Transportation Science, Technology, and Space Subcommittee

To hold hearings to review the President's proposed budget request for fiscal year 1991 for the National Aeronautics and Space Administration, focusing on the space station and space shuttle programs.

SR-253

## Environment and Public Works

## Toxic Substances, Environmental Oversight, Research and Development Subcommittee

To hold oversight hearings on the regulation of lawn chemicals.

SH-216

## Veterans' Affairs

To hold hearings on S. 1398 and S. 1332, to provide for the realignment or major mission change of certain medical facilities of the Department of Veterans Affairs.

SR-418

10:00 a.m.

## Appropriations

## Treasury, Postal Service, General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Bureau of Public Debt, and the Office of Personnel Management.

SD-116

2:00 p.m.

## Agriculture, Nutrition, and Forestry

## Agricultural Research and General Legislation Subcommittee

To hold hearings on proposed legislation to strengthen and improve U.S. agricultural programs, focusing on noxious weeds.

SR-332

## Energy and Natural Resources

## Public Lands, National Parks and Forests Subcommittee

To hold hearings on miscellaneous public lands measures, including S. 456, H.R. 1109, S. 465, H.R. 1159, S. 1756, S. 1864, H.R. 76, S. 2059, S. 2208, and S. 1770.

SD-366

## Select on Indian Affairs

To hold hearings on S. 381, to provide Federal recognition of the Mowa Band of Choctaw Indians of Alabama, S. 1413, to settle all claims of the Aroostook Band of Micmacs resulting from the Band's omission from the Maine Indian Claims Settlement Act of 1980, S. 1747, to provide for the restoration of Federal recognition to the Ponca Tribe of Nebraska, and S. 1918, to provide for Federal recognition of the Jena Band of Choctaws of Louisiana.

SR-485

## MARCH 29

9:30 a.m.

## Agriculture, Nutrition, and Forestry

## Agricultural Research and General Legislation Subcommittee

To hold hearings on proposed legislation to strengthen and improve U.S. agricultural programs, focusing on research issues.

SR-332

## Appropriations

## Labor, Health and Human Services, Education Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Labor, Health and Human Services, Education, and related agencies.

SD-116

## Commerce, Science, and Transportation Science, Technology, and Space Subcommittee

To hold hearings on proposed legislation to reauthorize the National Earthquake Hazards Reduction program.

SR-253

## Energy and Natural Resources

## Energy Research and Development Subcommittee

To hold hearings on S. 1966, to implement a research, development, and demonstration program for the generation of commercial electric power from nuclear fission.

SD-366

10:00 a.m.

## Appropriations

## Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on Army posture.

SD-192

## Appropriations

## VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Science Foundation.

S-126, Capitol

## Appropriations

## Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Oceanic and Atmospheric Administration, and the National Institute for Standards and Technology.

S-146, Capitol

## Appropriations

## Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Urban Mass Transportation Administration and the Washington Metropolitan Area Transit Authority.

SD-138

## Finance

To hold hearings to examine possible causes for the decline of corporate income tax revenues, and to compare the U.S. corporate tax burden with that in other industrialized countries.

SD-215

2:00 p.m.

## Agriculture, Nutrition, and Forestry

## Conservation and Forestry Subcommittee

To hold hearings on proposed legislation to strengthen and improve agricultural programs, focusing on conservation issues.

SR-332

## Commerce, Science, and Transportation

## Communications Subcommittee

To hold hearings on S. 1880, to revise title VI of the Communications Act of 1934 to ensure carriage on cable television of local news and other programming and to restore the right of local regulatory authorities to regulate cable television rates.

SR-253

## MARCH 30

9:30 a.m.

## Energy and Natural Resources

## Energy Research and Development Subcommittee

To hold hearings on S. 639, to establish a research and development program for the development of a domestic hydrogen fuel production capability.

SD-366

10:00 a.m.

## Appropriations

## Agriculture and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Agriculture, focusing on the Farmers Home Administration, Federal Crop Insurance Corporation, and the Rural Electrification Administration.

SD-138

APRIL 2

10:00 a.m.  
Agriculture, Nutrition, and Forestry  
Agricultural Production and Stabilization  
of Prices Subcommittee  
To hold hearings on proposed legislation  
to strengthen and improve U.S. agri-  
cultural programs, focusing on defi-  
ciency payment problems associated  
with barley.

SR-332

Appropriations  
Interior Subcommittee

To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Bureau of Land Management, Depart-  
ment of the Interior.

S-128, Capitol

2:00 p.m.  
Energy and Natural Resources  
Energy Research and Development Sub-  
committee  
To resume hearings on S. 1966, to imple-  
ment a research, development, and  
demonstration program for the gen-  
eration of commercial electric power  
from nuclear fission.

SD-366

APRIL 3

9:30 a.m.  
Commerce, Science, and Transportation  
Science, Technology, and Space Subcom-  
mittee  
To hold hearings to review the U.S.  
global change research program and  
NASA's program, the Earth's Observ-  
ing System.

SR-253

Energy and Natural Resources  
To hold oversight hearings on the De-  
partment of Energy's Decision Plan re-  
lating to the opening of the Waste Is-  
olation Pilot Plant (WIPP) in Carlsbad,  
New Mexico, and on proposed legisla-  
tion to withdraw the public lands sur-  
rounding the WIPP site.

SD-366

10:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the De-  
partment of Defense, focusing on Air  
Force posture.

SD-192

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for foreign  
assistance, focusing on U.S. bilateral  
assistance.

SD-192

APRIL 4

9:00 a.m.  
Commerce, Science, and Transportation  
Communications Subcommittee  
To hold hearings on S. 1981, to permit  
the Bell Telephone Companies to con-  
duct research on, design, and manufac-  
ture telecommunications equipment.

SR-253

10:00 a.m.  
Appropriations  
Agriculture and Related Agencies Sub-  
committee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the De-  
partment of Agriculture, focusing on  
Agricultural Stabilization and Conser-  
vation Service, Foreign Agricultural

Service, General Sales Manager, and  
Soil Conservation Service.

SD-138

2:00 p.m.  
Judiciary  
Patents, Copyrights and Trademarks Sub-  
committee  
To hold hearings on S. 626, to revise the  
Lanham Trademark Act to prohibit  
the importation or sale of goods manu-  
factured outside the U.S. and bearing  
an identical trademark of goods manu-  
factured within the U.S.

SD-226

APRIL 5

9:30 a.m.  
Commerce, Science, and Transportation  
Consumer Subcommittee  
To resume hearings on S. 1400, to regu-  
late interstate commerce by providing  
for a uniform product liability law.

SR-253

10:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the De-  
partment of Defense, focusing on  
Navy and Marine posture.

SD-192

Appropriations  
Transportation Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the Na-  
tional Highway Traffic Safety Admin-  
istration and the Research and Special  
Programs Administration.

SD-138

Appropriations  
Treasury, Postal Service, General Govern-  
ment Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
U.S. Postal Service, and the National  
Archives.

SD-116

Finance  
To hold hearings to examine the securi-  
ty of retirement annuities provided by  
insurance companies.

SD-215

2:00 p.m.  
Appropriations  
VA, HUD, and Independent Agencies Sub-  
committee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Federal Emergency Management  
Agency.

SD-192

Energy and Natural Resources  
Public Lands, National Parks and Forests  
Subcommittee  
To hold hearings on S. 2117 and H.R.  
2570, bills to designate certain lands as  
wilderness in the State of Arizona.

SD-366

APRIL 6

9:30 a.m.  
Finance  
Private Retirement Plans and Oversight  
of the Internal Revenue Service Sub-  
committee  
To hold oversight hearings on the im-  
plementation of the Omnibus Taxpay-  
er Bill of Rights (P.L. 100-647).

SD-215

APRIL 18

9:00 a.m.  
Veterans' Affairs  
To hold joint hearings with the House  
Committee on Veterans' Affairs to  
review the legislative recommenda-  
tions of the AMVETS, the Vietnam  
Veterans of America, the Veterans of  
World War I, and the Non-Commis-  
sioned Officers Association.

SH-216

10:00 a.m.  
Appropriations  
VA, HUD, and Independent Agencies Sub-  
committee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the De-  
partment of Housing and Urban De-  
velopment.

SD-138

2:00 p.m.  
Appropriations  
Interior Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the Na-  
tional Park Service, Department of  
the Interior, and the National Gallery  
of Art.

S-128, Capitol

APRIL 19

9:30 a.m.  
Select on Indian Affairs  
To hold hearings on S. 1289, to improve  
the management of forests and wood-  
lands and the production of forest re-  
sources on Indian lands.

SR-485

10:00 a.m.  
Appropriations  
Commerce, Justice, State, and Judiciary  
Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Small Business Administration, and  
the Legal Services Corporation.

S-146, Capitol

Appropriations  
Transportation Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Federal Railroad Administration and  
the National Railroad Passenger Cor-  
poration (Amtrak).

SD-138

Appropriations  
Treasury, Postal Service, General Govern-  
ment Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Office of Management and Budget,  
and the Executive Office of the Presi-  
dent.

SD-116

2:00 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for foreign  
assistance, focusing on multilateral de-  
velopment banks.

SD-138

APRIL 23

2:00 p.m.  
Appropriations  
Interior Subcommittee  
To hold hearings on proposed budget es-  
timates for fiscal year 1991 for the  
Forest Service of the Department of  
Agriculture.

SD-192



## Select on Indian Affairs

To hold oversight hearings on the Indian Federal acknowledgement process, including S. 611 and S. 912, bills to establish administrative procedures to determine the status of certain Indian groups.

SR-485

APRIL 24

10:00 a.m.

Appropriations  
Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on the National Guard and Reserves.

SD-192

## Appropriations

## Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Transportation Safety Board and the Federal Highway Administration.

SD-138

2:30 p.m.

## Appropriations

## Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on refugee programs.

SD-138

APRIL 25

10:00 a.m.

## Appropriations

## Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Office of the Attorney General.

S-146, Capitol

## Appropriations

## Treasury, Postal Service, General Government Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the General Services Administration.

SD-116

APRIL 26

9:30 a.m.

## Appropriations

## VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Aeronautics and Space Administration.

S-126, Capitol

10:00 a.m.

## Appropriations

## Defense Subcommittee

To hold closed hearings on proposed budget estimates for fiscal year 1991 for defense intelligence programs.

S-407, Capitol

## Appropriations

## Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of State.

S-146, Capitol

## Appropriations

## Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the General Accounting Office.

SD-138

2:00 p.m.

## Governmental Affairs

## Oversight of Government Management Subcommittee

To hold hearings on S. 1957, to provide for the efficient and cost effective acquisition of nondevelopmental items for federal agencies.

SD-342

APRIL 30

2:00 p.m.

## Appropriations

## Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for fossil energy and clean coal technology programs of the Department of Energy.

S-128, Capitol

MAY 1

10:00 a.m.

## Appropriations

## Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Supreme Court of the United States, the Judiciary, and the Federal Trade Commission.

S-146, Capitol

2:30 p.m.

## Appropriations

## Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on eastern Europe.

SD-138

MAY 2

10:00 a.m.

## Appropriations

## Commerce, Justice, State, and Judiciary Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Federal Bureau of Investigation, and the Drug Enforcement Administration, Department of Justice.

S-146, Capitol

MAY 3

9:00 a.m.

## Appropriations

## Defense Subcommittee

To hold closed hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on strategic programs.

S-407, Capitol

10:00 a.m.

## Appropriations Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the National Endowment for the Arts, the National Endowment for the Humanities, and the Bureau of Mines, all of the Department of the Interior.

S-128, Capitol

## Appropriations

## Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the U.S. Coast Guard.

SD-138

10:30 a.m.

## Appropriations

## VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the

Council on Environmental Quality, the National Space Council, and the Office of Science and Technology Policy.

SD-116

MAY 4

10:00 a.m.

## Appropriations

## VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Resolution Trust Corporation.

SD-138

MAY 7

10:00 a.m.

## Appropriations

## Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Minerals Management Service and the Office of Surface Mining, Department of the Interior.

S-128, Capitol

2:00 p.m.

## Select on Indian Affairs

To hold oversight hearings to examine the Indian health service nurse shortage.

SR-485

MAY 8

10:00 a.m.

## Appropriations

## Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on tactical airpower.

SD-192

2:30 p.m.

## Appropriations

## Foreign Operations Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on U.S. military assistance.

SD-138

MAY 10

9:30 a.m.

## Select on Indian Affairs

To hold oversight hearings on initiatives for Indian programs for the 1990s.

SR-485

10:00 a.m.

## Appropriations

## Defense Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on land warfare.

SD-192

## Appropriations

## VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Veterans' Administration.

S-126, Capitol

## Appropriations

## Transportation Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1991 for the Federal Aviation Administration.

SD-138

MAY 14

10:00 a.m.  
Appropriations  
Interior Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for activities of the Secretary of the Interior, the Secretary of Energy, and the Secretary of Agriculture.  
S-128, Capitol

2:00 p.m.  
Select on Indian Affairs  
To hold oversight hearings on S. 1021, to provide for the protection of Indian graves and burial grounds, and S. 1980, to provide for the repatriation of Native American group or cultural patrimony.  
SR-485

MAY 15

10:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense, focusing on sea-power.  
SD-192

11:00 a.m.  
Appropriations  
VA, HUD, and Independent Agencies Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for the Departments of Veterans Affairs, Housing and Urban Development, and independent agencies.  
SD-138

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on population policy and resources.  
SD-138

MAY 16

11:00 a.m.  
Appropriations  
VA, HUD, and Independent Agencies Subcommittee  
To continue hearings on proposed budget estimates for fiscal year 1991 for the Departments of Veterans Affairs, Housing and Urban Development, and independent agencies.  
SD-138

MAY 17

9:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for the De-

partment of Defense, focusing on space programs.  
S-407, Capitol

11:00 a.m.  
Appropriations  
VA, HUD, and Independent Agencies Subcommittee  
To continue hearings on proposed budget estimates for fiscal year 1991 for the Departments of Veterans Affairs, Housing and Urban Development, and independent agencies.  
SD-138

MAY 22

9:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold closed hearings on proposed budget estimates for the Department of Defense, focusing on classified programs.  
S-407, Capitol

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on the global environment.  
SD-138

MAY 24

9:00 a.m.  
Appropriations  
Defense Subcommittee  
To resume hearings on proposed budget estimates for fiscal year 1991 for defense programs.  
SD-192

JUNE 5

9:00 a.m.  
Appropriations  
Defense Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for the Department of Defense.  
SD-192

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance.  
SD-138

JUNE 7

2:00 p.m.  
Select on Indian Affairs  
To hold hearings on S. 2203, to settle certain claims of the Zuni Indian Tribe, S. 2075, to authorize grants to improve the capability of Indian tribal governments to regulate environmental quality, and S. 1934, to revise the

United States Housing Act of 1937 to provide for the payment of fees for certain services provided to Indian Housing assisted under such Act.  
SR-485

JUNE 12

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance, focusing on organization and accountability.  
SD-138

JUNE 19

9:00 a.m.  
Appropriations  
Foreign Operations Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for foreign assistance.  
Room to be announced

2:30 p.m.  
Appropriations  
Foreign Operations Subcommittee  
To continue hearings on proposed budget estimates for fiscal year 1991 for foreign assistance.  
Room to be announced

JULY 12

9:30 a.m.  
Select on Indian Affairs  
To hold hearings to examine protective services for Indian children, focusing on alcohol and substance abuse programs.  
SR-485

CANCELLATIONS

MARCH 23

9:30 a.m.  
Commerce, Science, and Transportation  
Aviation Subcommittee  
To resume hearings on S. 1741, to increase competition among commercial air carriers at the Nation's major airports.  
SR-253

POSTPONEMENTS

MARCH 20

2:30 p.m.  
Appropriations  
Transportation Subcommittee  
To hold hearings on proposed budget estimates for fiscal year 1991 for the Panama Canal Commission.  
SD-116